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CURRENCY FALLACIES

REFUTED,

AND

PAPER MONEY VINDICATED.

BY THE

AUTHOR OF "AN ESSAY ON MONEY," AND "AN ESSAY ON THE STANDARD AND MEASURE OF VALUE."

"If this country has money in abundance, it will have all the trade from the whole world; and if you make money very scarce, the trade will go to other countries."—N. M. ROTHSCHILD, Esq. *Evidence on Bank Charter*, 4947.

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PREFACE.

WHILE this little work was going through the press, the debate took place on Mr. Attwood's motion (April 23, 24, and 25,) "That a Select Committee be appointed to enquire into the state of general distress and embarrassment which presses upon the various orders of the people, and how far the same has been occasioned by the operation of the present Monetary System." Lord Althorp, to get rid of the latter clause, proposed as an amendment the following resolution: "That it is the opinion of this house, that any alteration of the Monetary System of this country, which would have the effect of lowering the Standard of Value, is highly inexpedient;" giving it to be understood that a Committee to enquire into the state of the distress, independent of its presumed connection with the currency, might not be objected

to; and ultimately proposing such a committee. Mr. Attwood's motion was lost by a majority of 192 (139 being for, and 331 against it), and Lord Althorp's amendment being put as a substantive motion, was carried by a majority of 255 (304 being for, and 49 against it).

It is a common opinion, that the currency question is set at rest for the remainder of this session, if not during the existence of the present parliament: but there is nothing in Lord Althorp's resolution to preclude its immediate re-consideration. Suppose that Mr. Attwood had moved "for a Select Committee to enquire into the state of general *ill health* which prevails among the various orders of the people, and how far it has been occasioned by the late *changes of the weather*;" to which Lord Althorp proposed as an amendment the following resolution: "that it is the opinion of this house, that any alteration of the *thermometer* of this country, which would have the effect of lowering the *standard of heat*, is highly inexpedient:" is there any one who would say, that those violent changes from heat to cold, or that poisoned state of the atmosphere, to either of which in the opinion of many persons the present influenza is attributable, might not be enquired into as its supposed cause, with the

view of discovering a preventive or a remedy—because the house was pledged to this resolution? The two cases are identical. If the degrees on the scale of Fahrenheit's thermometer be truly adjusted, 212° will always indicate the heat of boiling water: if the quantity of gold and silver in the coinage of our pound sterling be truly adjusted, 32*s*. or 33*s*. 6*d*., will always indicate the value of a quarter of wheat. That the standard of value shall not be altered, needs no more a resolution of the House of Commons to affirm it, than the standard of heat; and with reference to the proposed enquiry, it is of no moment whatever. All that parliament can do, is to provide that our pound sterling, and its fractional parts, shall be as true and equal an indicator at all times, and under all circumstances, of that which it professes to measure—*value*, as the scale of the thermometer is of that which it professes to measure—*heat*: to secure which, a standing committee for the supervision of our coin, is one of the objects proposed for the consideration of parliament in the following pages.

Lord Althorp did not gain his victory over Mr. Attwood by this resolution, nor by stating it as his conviction, that the motion went "to destroy the foundation on which contracts de-

pended, and to set them afloat — to place in the hands of an irresponsible body the power of saying how much every man in the country should be worth — of impoverishing one set of men and enriching another — in short, of introducing indescribable confusion into all the transactions of society," which are the specific charges brought by his Lordship against it: for if the standard of value is not altered, how can the foundation of contracts be destroyed? if the issue of paper money is vested in parliament, how can it be said to be placed in the hands of an irresponsible body? and if the effect be to transfer to the rich some of those burthens which have been unjustly thrown upon the poor, ought that to be objected to as impoverishing one set of men and enriching another? As for the charge of introducing confusion into all transactions, it is perfectly groundless, as every man of business must be aware: but who shall describe the confusion which may ensue, from neglecting much longer the appeals and advice of those, whose only wish is to save property from confiscation, the state from anarchy, and society from dissolution? "*Can ye not discern the signs of the times?*"

It was not so much by these assertions

that Mr. Attwood's motion was defeated, as by the unaffected declaration of Lord Althorp, "that he would deal frankly with the Honourable Member, and tell him, that he must, *as an honest man*, oppose the motion." It required great moral courage, and a strong consciousness of integrity, to stand up against a blow like this, the effect of which was much enhanced by the unexpected straightforwardness of its delivery.

If any one is entitled to the character of an honest man, it is the nobleman who made this declaration. Let, then, Lord Althorp, in that character say, whether a charge of *unfairness* in the collection of the revenue, whereby the *whole of the productive classes* are injured, and immense numbers ruined, occasioned by the late alterations of our monetary system—ought not to be enquired into? It is no answer, even if it were true, to say, that parliament did wrong in 1797, by the Restriction Act; and that if it erred in 1819 by enforcing cash payments, any attempt to correct that error in 1833 would be productive of further mischief: that during the war, the creditor was despoiled, and if the debtor has suffered since, the two *classes* have endured a "common lot," which would

not be mitigated, if we were again to change our system. A plea like this should be no bar to a claim of *justice*. It is easy to attribute all blame to the Act of 1797, as the source of the evil; but if posterity does not applaud it as the wisest of all Mr. Pitt's measures, which may very possibly be the case, those who condemn it will do well to reflect in what condition they would have been, had this expedient not occurred to the fertile mind of that acute and highly gifted statesman. No one who reads or recollects the history of that period, can fail to perceive, that without it, either this country would have been a province of France, or we should have had a revolution.

The grand question, however, which presses for immediate decision, is not one of past, but of present interest, being simply this: "Shall the *unproductive* class, who did not contribute their quota to the war, *during the war*, continue to shift off all payment from themselves to the *productive* class, as they have done *since its termination?*" Subordinate to which is the following: "Shall the *capitalist* escape paying those taxes occasioned by the war, to which he has not yet contributed, and which, in so far as the productive class cannot pay them, are destined henceforth to be made good by the *land-owner?*"

If Lord Althorp will do the author the honour to read the second part of this pamphlet, he will perceive that as an *honest man* he is called upon to relieve one class from taxation, by adopting those means as an *honest minister*, which will obtain for him a greatly increased revenue from the other.

London,
May 9th, 1833.

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INTRODUCTION.

During the last month, (March, 1833) several "leading articles" have appeared in the *Times*, attacking with considerable virulence a Society which has, for its avowed object, the restoration of national prosperity by means of an amendment of the Currency Laws. The Editor clearly imagines that he has made out a triumphant case against the Society, and so expressing himself, many are led without further inquiry to place implicit confidence in his assertions. As this may possibly be the case now, and as the Editor is the professed champion of the cause of the bullionists, a friend to the object of the Society thinks he cannot do the state a better service, than by attempting to shew, that all the assertions and statements of the Editor, on this subject, are Currency Fallacies.

A further motive also influenced the writer. Having published two Essays,* in which the

* The first Essay shews that *coin* is properly an *instrument of taxation*, and a less perfect instrument than *paper money*: the second, that *corn* is the best *standard*, and gold and silver the best *measure* of value.

argument in favour of a Paper Currency had been advanced to a certain stage, he felt it incumbent on him to carry the investigation to its proper termination; and with this view he was meditating a third, in which "*The Effects of Taxation on Prices*" would be discussed, when the present opportunity of incorporating the views he took, with those which were necessary for the correction of opposing errors, presented itself. He was sensible that many persons are not prepared to refute fallacies, merely by having antagonist truths presented to their minds: they require the prescription of an apposite remedy for every case, distrusting their own competency to determine its diagnosis. Having this impression, he was not sorry to be forced to make his inclination yield to necessity, so far as to render the advocacy of what he conceives to be right, subordinate to the overthrow of what he is convinced is wrong.

PART I.

CURRENCY FALLACIES REFUTED.*

FALLACY THE FIRST.

"That we have at present as much paper afloat as the wants of the community require."

I believe this assertion to be consistent with the true meaning of the Editor of the Times, but as he has stated it, the sense is not very clear.—He says, "*with the exception of One Pound notes*, we have as much paper afloat as the wants of the community require;" and "*that the smaller paper has been wisely withdrawn from circulation.*" We have first the simple sentence, "There is *sufficient* paper money afloat:" then the qualified sentence,—"There is sufficient *with the exception of One Pound notes:*" lastly, the qualification dismissed,—"The smaller paper is *wisely* withdrawn," and therefore there

* The Article, from which the following Fallacies are taken, will be found in the Appendix, No. I. It happens, conveniently for our purpose, that in one copious passage all those *principles* are laid down, which furnish matter for subsequent dilatation.

is sufficient *without the exception of One Pound notes.*—It is evident that all these assertions cannot be received. The second appears to me the most consistent with truth, and I would gladly record it as containing the Editor's meaning, if I were sure of his consent; but with two chances to the contrary, I fear the election cannot be supported, and am bound therefore to return the *fallacy* as the chosen sense.

That it is a fallacy, none can deny who witness the difficulty almost all men have to pay rents and taxes, for which the present currency does not afford them the means, but for which the paper money afloat some years ago was fully adequate. Rents would not have fallen 33 per cent. if there was money enough in circulation to keep them up to their former level. If the *wants* of the community were alone to be consulted, the Chancellor of the Exchequer would not submit to be told by deputations from the different parishes in London, that the assessed taxes cannot be any longer borne, because the people have not the means of paying them. Bankruptcies and compositions would not be so common in all our principal trading streets, were there not "something rotten in the state." Men engaged in wholesale business cannot calculate on receiving more than two-thirds of what they are entitled to: could this occur if there was not a deficiency of money?—Would so many fine estates pass into the hands of the

mortgagee as have changed owners since the war, if there was as much money in circulation as formerly, and as much as the country *wants?* I need not go into details:—from the landed proprietor to the labourer—from the manufacturer to the humblest artisan, all are suffering, because the currency is insufficient for their necessities; and it is therefore not merely a fallacy, it is a mockery of their distress, and an insult to their understandings, to have it stated, that there is as much paper afloat as the *wants* of the community require.

FALLACY THE SECOND.

"*That we have at present as much paper money afloat as the credit of individuals can command.*"

This declaration is appended as an alternative to the foregoing threefold proposition, but the magnitude of the fallacy entitles it to the honour of a separate consideration.

If the *credit* of individuals can command no more money than is at present afloat, it is plain that their credit is exhausted,—that they have no property to pledge to the capitalist as security for the return of his loans, and no friend who is willing to become security for them. Doubtless there are many at this time in this painful predicament, — brought to it by that want of a sufficient currency, which the preceding fallacy denies to be existing; but it

cannot be believed on the authority of the assertion before us, that *all* to whom a loan would be useful are utterly without any more property to offer as security for it. Has the landed proprietor no acres left but those which are under mortgage? Is the farmer's capital all gone?—Has the tradesman, manufacturer, or merchant no stock in his warehouses, no bills in his possession, on the credit of which he could *command* a further loan from the capitalist? If it has come to this, we are brought into the condition of ancient Greece and Rome, of which it was said, at a certain time, that one-half of the nation was indebted to the other; and at that juncture a fresh division of property took place. This would have an ominous aspect for many, were the assertion true of England: but let us hope it is false; and for our comfort recollect, that the wealth of Great Britain at the end of the last century was estimated by Dr. Beeke, and apparently not over-estimated, at the large sum of 2,500 millions of pounds sterling. This cannot be all in the hands of the capitalists. If we take what the *Times* allows to be the amount of money at present in Great Britain, viz. 50 millions, and compare it with the resources of the country—it amounts but to the *fiftieth part*. Now it is impossible that the capitalist should have plenty of money ready to lend, out of 50 millions in all, and that the people should not have any thing to offer as

security for it out of property to *fifty times* the amount. This assertion then must be a *fallacy.* Had the Editor reversed his proposition and said, that the credit of individuals in England can *command* more money than all the capitalists in the world can advance, if all their boasted millions were clubbed together, he would have been somewhat nearer the mark.

FALLACY THE THIRD.

"*That there is an alarming abundance of unemployed money in the Bank of England, and that persons of good credit may obtain loans in the City at 2 per cent.*"

The abundance spoken of may be either *positive* or *relative:* the Editor of the Times wishes us to believe that it is *positive,* and in this consists the fallacy. If it were *positive,* all classes of the community would be in the receipt of more money than they have occasion for in their respective situations in life: no class would be in debt, — none in want, — a general plenty would be diffused all over the land; — we should have no half-starved and half-clothed people, — no discontent, — few paupers. Having too good reason to know that this is the very reverse of our condition as a people at present, we are compelled to deny that the abundance represented as so alarming to the capitalist is a *positive* abundance.

The other kind of abundance may exist, and be equally alarming to the *capitalist*, being to him productive of the same effects as a positive abundance, but instead of being considered a sign of *prosperity*, it ought to be regarded as a proof of general *distress*. This *relative* abundance exists when there is a scarcity of good bills of exchange in the market; and that these are wanting now, we have the strongest evidence, in the universal stagnation and unprofitable state of trade. I appeal to well-known facts in confirmation of my assertion, that the abundance of money is not at this time proceeding from every interest in the kingdom being so flourishing and prosperous, that the parties conducting the various concerns of trade and agriculture have every wish gratified, and no need of further money on that account; but that it is occasioned by so deep a depression of the monetary value of all *returns*, and of the *profits* which ought to be realized to recompence men for their labour and risk, that they will not embark in any speculations in trade, nor extend their present business further than they can help. If the Editor of the Times will not open his eyes to see the miserable condition of the country, which the *abundance of money* he announces, in connection with the *distress* which no one denies, irresistibly proves to be truly miserable; let him say how it is that the ca-

pitalists do not employ their money themselves in trade, rather than suffer it to bring them barely 2 per cent. while all other people are supposed to be prospering around them. Have they no sons, nor sons-in-law, no nephews nor friends to whom it would be prudent to confide a small portion of their unemployed capital, in order to get by its use in trade 5 per cent. at least, if they do not choose to become partners in the profitable concern themselves? It seems not. And what is more wonderful still — no other men are willing to pledge any species of property for a loan at 2 per cent, in order to make much more of it in trade. The reason is evident. Such is the deplorable state of all mercantile, trading, and farming affairs, that the employment of capital, in any of these modes of improving a man's condition in life, will not repay him, even with so small an allowance as 2 per cent. for interest of money. However anxious to be engaged in business, and almost in despair at the loss of so much time in the most active period of his life, every *prudent* man is yet convinced, that if he ventures any thing as security for the return of a loan of money, he shall lose his own property in the end. All commodities are sinking in value; and if he buys, as he thinks, cheap to-day, he must sell his goods for less to-morrow, or he cannot sell them at all. Grown wise himself by experience, he pities those who are

induced by the hope of success, to fall into the lure so invitingly spread by the *Times :*

> Heu, quoties fidem
> Mutatosque deos flebit, et aspera
> Nigris æquora ventis
> Emirabitur insolens,
> Qui nunc te fruitur credulus *aureâ !*

There can, indeed, be no stronger symptom, properly considered, of the general decay of trade in England, than this fact of the present abundance of money, at so low a rate of interest, which is unsoundly put forth by the Editor of the Times as an argument of general prosperity, and a sign of more than a sufficient supply of the circulating medium.*

The true state of the case is placed in so clear a light by a petition from Bakewell, which appears to have reference to this statement in the *Times*, that I cannot resist quoting it. Lord Cavendish, on presenting it, said, that he could not support its prayer; but this is only another proof that a man may be a very distinguished scholar at the University, and not possess the *practical* knowledge necessary to qualify him to take the sound views, and represent the real interests, of his constituents.

* In reply to the question of the Bank Charter Committee, " What is meant in the City, by an *abundance and scarcity of money?*" Mr. Tooke says, " It is *by no means synonymous* with an *abundance or scarcity of currency.*"—See *Appendix*, No. II.

"A Public Meeting was held at Bakewell, on Monday the 18th inst., for the purpose of petitioning Parliament *to devise some means by which the working Population of Great Britain may be provided with more uniform employment, and with more money for their work,* when the following petition was agreed to:—

"We, the undersigned Inhabitants of Bakewell and its neighbourhood, hail with gladness the introduction, into your Honourable House, of many Members practically acquainted with the distressed condition of the working population of these realms; and the kindly feeling expressed in behalf of the suffering people has excited our grateful regard: impressed with like sympathy, and animated by a spirit of loyalty and love to our King and Country, we humbly beseech you diligently to search out the cause of that distress, with a view to its speedy and permanent removal. And whereas we are informed that the rich capitalists of the metropolis complain of much inconvenience from money being *too abundant* in relation to good bills of exchange, and similar securities *bearing interest;* whilst the working people, before alluded to, are experiencing extreme distress from its being *too scarce* in relation to their *labour;* we therefore beseech your Honourable House to investigate the state of the Currency, and to devise some means whereby the circulating medium

of the nation may be rendered *more active,* so as to relieve both the rich and the poor from their respective embarrassments, and thus promote the general welfare of the whole political body.

" *March* 18, 1833."

FALLACY THE FOURTH.

" *That the loss of interest on* 15 *or* 20 *millions of gold, is the only loss we sustain by adhering to the present system of currency.*"

The supposition, which gives birth to this fallacy, is, that 15 millions of gold, rapidly circulating from hand to hand, pass three times a year through the Treasury, and that the country pays interest on *this gold* alone. But the Editor forgets that the gold does not all circulate this way: that it is for the greater part a foundation on which the Bank of England makes such issues of bank notes, as will satisfy all the demands of the state; and that on all these *issues* the country pays interest the same as if they were gold. The fairest way of deciding how much we lose by adhering to our present system, is to see how much we should gain by taking a different course. If Government were to issue Exchequer Bills from *One Pound* upwards, and make all its payments in this money for a year, to the extent of the sum for which it has obtained a vote of Parliament — gold and Bank notes would not be wanted for that purpose.

But the collectors of the taxes would be daily bringing in gold and Bank notes, for some time at least, in as great abundance as ever, or nearly so. Let the Government then, with this money so brought in, first discharge the Bank debt; then take up Exchequer Bills bearing interest; and lastly, redeem with the remainder so much of the National Debt as it would purchase. The effect would be this: a sum of 50 millions, bearing interest, would have been paid off — its place, in the collection of the revenue, being supplied by Exchequer Bills not paying interest—and consequently the *interest on 50 millions* which we now pay, and then should not, is the *loss* we sustain by adhering to our present system. Therefore, to say that we lose the interest only on the gold, which amounts but to a third part of that sum, is in this case a fallacy.

But the loss extends still further. We lose all that increase of revenue, which we should obtain by an issue of government paper so regulated as never to exceed the amount of the taxes of one year, and therefore always returnable in the year by the payment of taxes into the Exchequer. Such a circulating medium would give a great impulse to trade; for, knowing that it would not be withdrawn as soon as prices began to advance and prosperity to dawn upon them, all men would then engage again, with proper spirit, in the cultivation

and improvement of their farms, and in the various engagements of manufacture and commerce. From all this liveliness of business, throughout the country, a great increase to the employment of labourers and mechanics would spring; poor's rates, therefore, would diminish, taxes on consumption increase; and thus at the end of the year, as each successive year rolled on, we should have greater prosperity witnessed throughout the nation, and the government every year would be able to pay off with the surplus revenue a still greater portion of the national debt. The indirect benefit arising from an increased currency of this kind, would greatly exceed the direct advantage, large as it has been shown to be, and all this we lose by adhering to our present system of currency.

FALLACY THE FIFTH.

" *That a facility of creating unreal wealth would excite a fever of speculation, to be followed, as in* 1825, *by convulsion and ruin.*"

To collect the revenue by means of Exchequer bills would be a creation of *unreal wealth*, according to the Editor of the Times; but it would have a great effect on trade and commerce, as was remarked under the last head; and when men had no longer any reason to fear that as prices improved the means of sup-

porting those prices would be withdrawn, it is very certain that there would be for some time such activity in every branch of business, as to give colour to the charge that a fever of speculation was excited. When those who are almost dead for want of food are all at once placed at a plentiful table, there is great reason to fear they will eat and drink to excess. It would be desirable if this could be guarded against, but if it cannot, the irregularity must be suffered to cure itself; in a very short time the fever will have worn off. In the interim, it will be some consolation to the sufferers to know that the assertion of the Editor of the Times, that the creation of such *unreal* wealth will be followed, as in 1825, by *convulsion and ruin,* is an utter fallacy. In 1825, the Bank of England had to take up its notes in gold, the country bankers the same, and great was the anxiety to get possession of the gold which it was known could not be had in sufficient quantity for the emergency; therefore some must go without: but if we were to use Exchequer bills for the collection of the revenue, nothing of this kind could take place. With these in reserve, the Bank would freely part with gold as long as it thought proper to do so, and would protect itself from further demands if they proceeded to an inconvenient extent, by giving in exchange for its own notes those of the government. Country bankers would do the same, if

they had need to issue any paper of their own; but the probability is, that most of them would have government notes in hand at all times sufficient to constitute an abundant source of supply for any discounts or loans they might have occasion to grant. Thus prices would advance; trade would be stimulated; prosperity would be felt throughout the country as in 1824; but no convulsion or ruin would follow as in 1825. A difference of value might arise between paper and gold money, but this would create no disorder. Government bills being a legal tender, in them or in Bank notes almost all the payments of the country would be made; while foreigners would be compelled to pay that price in our currency for gold, if they were determined to have it, which it was really worth in comparison with other articles of traffic.

But if it be a fallacy to say that the facility of creating *unreal wealth*, by means of an issue of paper money convertible into gold at the *market price*, must be followed by convulsion and ruin; it is no less a fallacy to affirm, as is done by implication, that an adherence to the present system of convertibility at the *mint price* can preserve us from it. People must either venture their capital or starve: they will prefer the former as the less evil, and in spite of experience, will again suffer from disappointed expectations; for as soon as they begin to hope all danger is past, it will rush in upon them like a flood.

The writer of the "City Article" in the *Times* of March 7th speaks of symptoms of an impatience of inactivity as already becoming apparent. "All practical men fear that the redundancy of capital [even now] will drive us once more into all the mad schemes and speculations of 1824 and 1825, with a repetition of all the fatal consequences to which they then led!"—Unhappy people! If your capital remains without employment, you starve; if you employ it, you are ruined:—meanwhile those who have no capital are equally weary of *their* state, and are only waiting for a convenient crisis to arrive, at which they may, by a general movement of all the disappointed, disaffected, and disgusted part of the community, relieve you of your idle property. There is, indeed, no danger in such a change of currency as the time demands and reason approves, but infinite danger to all who have any thing to lose, in protracting much longer our adherence to the present system.

FALLACY THE SIXTH.

"*That if we were allowed to issue One Pound Notes, money would become more plentiful over the land, but it would become depreciated in the exact proportion of its increased abundance.*"

This is an opinion very commonly entertained, and one which more than all the rest has operated to prevent men from fairly giving their

minds to the consideration of the currency question. They think they see in *depreciation* a lion in the path, which, if they dared approach, they would find to be the phantom only of a disordered imagination. The mistake originates in an erroneous conception of the *nature of money,* which most men fancy they understand perfectly well; but which many, like the Editor of the Times, believe to be something widely different from what it really is.

This error is the reason why no one takes alarm at the rapidly increasing *appreciation* or *enhancement* of the coin, all being afraid only of its *depreciation.* It will be easy to shew that this alleged *depreciation,* properly viewed, can cause no terrors in any one; but before entering upon this consideration, let me call the reader's attention to what is at present of far greater moment to his welfare, the state of *appreciation* (as it is called) to which our money, under the present system, has still a constant tendency.

It is not necessary here to insist on—what is nevertheless of much importance in treating such a subject — the increasing numbers of mankind, in the civilized parts of the world, who require the use of coin; the inability of coin to increase in an equal degree; and its consequent *appreciation* every year, by which event unhappily a great deal of misery will be engendered, in all those countries which depend for their circulating medium on a metallic currency. Leaving

this ground, because it has been trodden before, I will bring the subject nearer home and closer to ourselves, by shewing that we have as yet a *highly depreciated* currency; and must therefore expect it to undergo a great degree of *enhancement* before it can be brought to the standard; before therefore we can talk with any propriety of not suffering it to be depreciated.

Depreciation and *appreciation* are terms which receive their application from some *standard* to which they have reference. The standard of gold and silver is *corn*. That *quantity of corn* which those persons consume who are engaged in discovering, preparing, and bringing to market a *certain quantity of gold* or silver, is the *standard of the value* of that quantity of these metals, taking the average of a number of years. In all civilized countries these metals are in request, and people are anxious to get them at what may be deemed their proper value: they give consequently the *corn* which is necessary to reproduce them, as the *minimum* of their price; or they offer such other commodities as will exchange readily for that quantity of corn. They cannot be had for less than this, otherwise they could not be reproduced; and he who gives most is most likely to obtain them. A free market and a common necessity soon assign the average equivalent of these metals in *corn* throughout Europe; and when that is once fixed, that *quantity of gold* or silver becomes the value of

that *quantity of corn.* This value remains undisturbed, till some greater abundance or scarcity of silver or gold discomposes the average rate of their exchange against corn, and against each other. For the greater part of the last century, the price of corn throughout Europe, in gold and silver, did not greatly vary, being on the average about 6½oz, of silver, or 33*s*. 6*d*. the quarter. It is still about this price on the average in France, Holland, Belgium, and the northern ports nearest England; but if we were to allow as much as 40*s*. per quarter or 5*s*. per bushel, we should probably give the utmost value that could be assigned it in England at this time, were corn and the precious metals free to exchange against each other.

Comparing then this price in gold or silver with the present price of wheat in England, we must calculate on a further fall of *one-fifth*, or of 20 per cent. in our currency before it reaches the *standard*. To come down to that, our money must be reduced in quantity: the prices of all articles will fall accordingly; rents and taxes must be abated one-fifth to keep in proportion to the increased value of money; and all persons will suffer loss in that degree, except the receivers of fixed incomes, who will gain as much as others lose by the change. We had nearly come to this rate of price in 1822, when for a time corn was 37*s*. per quarter and the average price for the year was 44*s*. per quar-

ter. The increased duties on importation benefited the farmer, or rather his landlord for a time, at the expense of the productive classes generally; but men cannot always pay more money than they receive—and the farmer can only get at last what it is possible for the other productive classes to give, which ability of theirs to give is governed by the value of corn in all other countries; to that level therefore prices must descend. The standard will be attained, supposing 40*s*. per quarter gives it, when a sovereign in gold, or 20*s*. in silver exchanges freely for 4 bushels of wheat, instead of 3 as at present; at which period all other commodities will be sold for one-fifth less than their present prices. Whether the corn laws are repealed or not, to *this* we must come if we adhere to a metallic currency. It is a fallacy therefore to talk of money being *about to be depreciated* by the issue of one pound notes, as if it were not already in a state of great depreciation; and as if the real danger to which we are exposed were not that of its further *enhancement* at a time, when, from an inadequacy of means to fulfil the engagements into which they entered under happier auspices, men of enterprise and property are leaving the country by thousands, and the social system is threatened with disruption by the growing distresses of those who remain.

By returning to the *standard*, we can alone

hope to enjoy that *free trade* which it is the object of ministers to introduce as soon as they can bring their plans to bear. For who would submit to pay more for the corn which is to subsist him, while producing his goods, and then sell those goods for the same price which the continental producer can afford to take? When men were ignorant of the *unfairness* of such a system, it might be tolerated, under the impression that there was no remedy: but as soon as it is understood that the price of corn determines the price of all commodities, their producers will never consent to pay more than others by at least *one-fourth*, as they do at present, and get only the same price in return. The advocates of the present system will perhaps say, 'They shall have protection to the amount of that fourth.' But how can you give them protection in a foreign market? If you could succeed in keeping the home market entirely to the home producer, how is he to be ensured a remunerating price in that common market of the world, to which all others have free access? I doubt the ability of government to secure to him even the home market in a time of general peace; — but in the same breath to talk of *free trade*, would be a monstrous absurdity.

But another question may be put: 'Why can we not secure the present rate of prices by reducing the size of the coin, and perpetuating

the depreciation of the currency at what happens to be its present relation to the standard?' To which I reply, no argument can be urged for this, which might not have been equally urged in favour of that depreciation, during the war, which gave us 100s. per quarter for wheat. They are both defensible on the same ground; for the latter *was*, as the former *is*, the rate of depreciation to which our currency was regularly brought; and if the greater change was made because it was thought proper to return to a metallic currency, the less must be made on the same plea. It is no answer to say, that the public creditor will *consent* to a reduction by which the present scale of prices may be preserved: he has not called for the changes which have been made; to many of those families which depend *for their support* on property in the funds, the alteration has been productive of injury: they sought it not before, and therefore their opinions now would be of no avail.

If we are to adhere to a metallic currency on the present system, it is certain that heavy taxes cannot be paid much longer by the productive classes. They have found that out, and this makes them so clamorous for the repeal of the House and Window Taxes. Whenever these are abolished, others will remain equally obnoxious, as the supposed cause of their distress: they

must also be reduced; till at last the minister, driven to extremes, will consent to, if he does not originate, a *property tax*, in lieu of all other imposts pressing particularly on the industrious classes. Let this be agreed to, and what then will be the condition of the landed interest? With corn at 40*s*. per quarter, and rents in proportion, they will have to pay their share of 800 millions of debt, which, taking Dr. Beeke's estimate in 1800, will amount to a *third* of their property. But the price of corn for the ten years ending in 1800, was 54*s*. per quarter. With corn at 40*s*. per quarter, to which we shall come when the taxes are commuted, it will take nearly the *half* of every man's property to pay his share of the debt. Will the *remaining half* suffice to discharge his other private obligations, all of them enhanced in the same degree? Even if it should, what a prodigious revolution will have been quietly effected in a few years, by that bill for restoring cash payments, which was passed with acclamations by the wealthy members of the state, but which has brought with it so much misery to the productive classes! and how truly does it illustrate the remark of a late eminent christian philosopher: "In the moral system, it is a part of the wise arrangements of Providence, that no member shall suffer alone; that if the lower classes are involved in wretchedness and beg-

gary, the more elevated shall not enjoy their prosperity unimpaired." *

FALLACY THE SEVENTH.

" *That this depreciation of paper money, in comparison with gold, would entirely alter the relation of debtor and creditor, and enable Government to pay the fundholder with a smaller portion of the national income.*"

By the term, a *depreciated* currency, is intended to be conveyed the idea that the money will be of less value than it *ought* to be. To judge of this, we have to consider what value it should possess. The Editor of the Times is explicit enough on this head; he affirms, that if it be not fully equal to gold and silver in exchange at all times, it must be a depreciated currency. The test is true in one sense: in comparison with gold or silver, our paper money will be, doubtless, a depreciated currency. But its equality with gold and silver may not be the value which it *ought* to possess; and, therefore, though with reference to *gold*, our paper money may be said to be *depreciated*, it does not follow that it is a *deteriorated currency*.

To justify such a charge, the depreciation should be *positive*, and the addition made to our circulating medium by the use of paper,

* Rev. Robert Hall's Works, Vol. iii. p. 248.

should represent *no value* whatever, being merely an increase of the *quantity* of money in the country, which adds to prices without any necessity, and so leaves all parties in the end just where it found them. This is the Editor's notion of paper money; it is that of others also; but where are the circumstances which justify it to be met with? Certainly not in England; for no man here adds to the circulating medium by issuing notes which are of *no value:* nor would any one take them if he did. There have been, it is true, *swindlers* in banking as in other trades; but to lay it down as a *principle*, that every addition to the currency, beyond the limit of the precious metals, is a *useless* increase; one that does not, in effect, represent any *additional value*,—is either a great fallacy or a gross blunder.

In the next chapter will be shewn, how utterly inapplicable this description is to that paper money which was issued during the war, and how unfounded is the charge of the Editor of the Times, that to return to it "*would be a spoliation of all mortgagees, creditors, and fundholders*."

PART II.

PAPER MONEY VINDICATED.

A CERTAIN *measure of value* is necessary, if we would hold commerce with foreign countries; and the average price of wheat over the continent of Europe in gold or silver, gives that measure. If *three quarters* of an ounce of silver be the average value of a bushel of wheat in England, and that quantity be coined into 3*s*. 10½*d*. (at 5*s*. 2*d*. per ounce) the quarter will be worth 31*s*. If *one* ounce of silver be its average equivalent, the price of the quarter will be 41*s*. 4*d*. * To preserve perfect uniformity of price in gold or silver at all times, *on the average of seven or ten years*, it should be the duty of Parliament, on any petition to that effect being presented, from those who conceive themselves aggrieved, to ascertain whether the measure had *departed* from the standard; that is, whether since the

* I have stated the natural price of Corn in silver or gold thus hypothetically, because opinions differ on the subject of its actual amount.

last arrangement, more or less silver or gold had become the average natural equivalent of a bushel or a quarter of wheat; and to alter the *shilling* and the *pound* sterling in *weight* accordingly. Unless this be done, a sudden influx of the precious metals might take place, from new discoveries of mines, or from improved methods of working those in use, which would have the effect, in a few years, of altering the measure of value to so great a degree, that fixed sums, payable for a long series of years, might not be of half the worth they are at present. How many payments made by public companies, and other corporate bodies, on account of trusts confided to them centuries ago, are reduced to comparatively nothing, from the want of such a committee for the *supervision of the coin* as that which is proposed! How many charities have been injured by inattention to this plain duty of government! Perhaps nothing has so much contributed to deter people from making charitable bequests in money, as the thought, that in the lapse of years, it will have become of little value. But without taking so wide a range, every landlord who lets a farm or house on lease, and every tenant also who takes either, ought to be protected from such *natural increase* or *diminution* in the value of our *coin*, as he finds to be attended with practical loss or inconvenience to himself. From 1287 to 1338, that quantity of silver,

which is now coined into 38*s*. 8*d*., would purchase on the average a quarter of wheat. From 1339 to 1451, the price of a quarter was 21*s*. 3*d*. of our present money. From 1453 to 1560, it took only 10*s*. of the same money to buy a quarter of wheat. During the whole period, money had become so *enhanced* in value, that *one* shilling was worth in the last hundred years as much as *three* had been in the first hundred years, and as *two* in the middle period: so that in the course of a century, he who contracted at the beginning to pay a certain sum then *called* 100*l*., had to pay at the end, what was still *called* 100*l*. though it was really worth 200*l*. From 1561 to 1700, the value of silver decreased in comparison with corn, being on the average of that whole period exchangeable in the proportion of 45*s*. against the quarter of wheat, by which the receivers of fixed income were injured, being paid not quite 25*l*. in the name of 100*l*.

Under the direction of a committee for the supervision of the coin, the pound in gold or silver will always represent, or be exchangeable for, an equal quantity of wheat, taking the average of a number of years. Let it be supposed, then, that 31*s*. or 35*s*. or 40*s*. is the true measure of value for a quarter of wheat in England; as there is no doubt that this sum represents the *natural* value of wheat, it is just and necessary as a *measure* of value between *differ-*

ent nations, for without this or some such measure, they could not adjust the value of their respective commodities in the common market of the civilized world. But what is just and necessary, between the inhabitants of *different countries*, may not be equally or at all so between the different inhabitants of the *same country*. Before we can determine whether *they* are all entitled to be treated as the inhabitants of another state, and paid according to the natural measure of value, we must see whether there are not some circumstances, affecting the value of money, applicable to them and not to the foreigner.

They differ from him in the fact of being liable to a different degree of *taxation*. Every man is protected in his person and property by the state in which he resides, for which protection he has to pay the state; and this is evidently a payment, which neither ought to be nor can be exacted from the inhabitants of a foreign state, by another power, but which may reasonably enough be required of the denizens of each particular country. Whether it ought to be so required from them, as to cause any difference in the price of commodities, will depend upon the *mode* of taxation.

Such taxation as falls upon realised property, independent of trade, needs not and will not add to prices. Whatever sums are levied as a tax on *land*, or on *capital* in the abstract, as on

property in the funds, are directly taken from the parties, and need not add to prices. If the landowner says, 'I pay all the burthens of the state, and for some of them, at least, I ought to be reimbursed: it is but fair, therefore, that I should be allowed to demand more *rent* for my land than before this tax was levied:' the answer would be—'If you increase the rent of your land, the farmer must have an increased price for his corn,—and the manufacturer who consumes it, paying that advanced price, must have an increased price for his productions. If he gets this by our interdict of foreign goods, except under payment of a certain duty, which is the only way in which he can get it and keep it, you must pay a higher price for every thing you buy, and the outgoings would, in that case, greatly exceed the additional sum you receive from your increased rent. If we do not protect him from foreign competition, he cannot produce his goods with so much advantage to himself here as abroad, and he will soon transport his manufacture to countries where corn is cheaper, by which means you will lose far more in the end than the tax for which you are contending.'—Such taxes then, as these, which do not require or necessarily lead to an advance in the price of commodities, may be levied without causing a difference to the individuals of a country in the price paid by them, and by those of other countries. But this is

not the general character of our taxation; there may be, therefore, other circumstances connected with it which will have an effect on prices, considered with reference to individuals of the same country.

That there are such circumstances will be clearly evident, when we consider that our large revenue is nearly all derived from duties on the following articles: *malt, hops, beer, wine, spirits, sugar, tea, coffee, tobacco and snuff*;—*corn, butter, cheese, currants and raisins, cotton, wool, silk, printed goods, hides and skins, paper, soap, candles and tallow, auctions, licences, coals, glass, timber, bricks*, &c. From the taxes laid on these articles, under the head of *customs*, and *excise*, we raise the sum of forty millions annually, and from the *stamps, assessed taxes*, and *post-office* about fourteen millions more, making in the whole about fifty-four millions for the year 1830. All these taxes, or nearly all, are not directly drawn from the parties who are intended ultimately to pay them: they are first paid by the producer or vender, and he charges them with some profit for his outlay, to the *consumer*, whence they are called taxes on *consumption*.

Now how is the producer to charge these taxes to the consumer, unless he can add them to the natural price? There is clearly no other way. But if he adds them to the natural price, his commodities will then be so much

dearer than the same kind of articles produced on the continent, by all the difference between our taxation and that of other countries. The consequence of this will be, that the Englishman cannot afford to take the same price, in the common market of Europe, which will compensate men of other countries : he must have more, or he must lose the extra amount he has paid in taxes. He cannot get more in an open market, and therefore he is shut out altogether; or he loses the amount of his taxes, in which case, the *producer* and not the consumer, pays those taxes which are then *erroneously* called taxes on *consumption*.

Perhaps you will say, ‘ He has the home market to himself, and in that he gets repaid his tax.’ If Government were to lay protecting duties on all the above commodities, and the preventive-service men were to exercise a vigilant scrutiny, we might probably succeed in keeping up such a price at home, in general, as would repay him : but he is at all times liable to be injured in the *extent* of his trade, by the successful issue of smuggling transactions ; to guard against which, additional sums of money must be spent, which will render additional taxes necessary.

We will suppose, however, that he could be protected from competition with foreigners in the home market, on all articles *specially* taxed ; what in the next place is to save him

from that same competition in all other things? Men who pay taxes on *corn*, *beer*, *clothing*, *&c.* on every thing, in short, which is needful for their support or comfort, while engaged in producing the various commodities by the sale of which they live, must charge for everything they produce, a price as much higher than the natural price, as that taxation which is peculiar to them amounts to. They must, therefore, be enabled to advance *every* commodity that can be offered for sale, to a higher price than their continental rival, or they are not repaid in the same degree that he is. *All* competition must, therefore, be guarded against in the home market, in *every kind* of goods, or the Englishman has not justice done him. As this cannot be done, it follows, that with a metallic currency, he cannot escape suffering in the degree in which he is taxed beyond those persons, who are engaged in the production of commodities in other countries.

'But there are some articles which the foreigner produces, and the Englishman cannot pretend to produce, such as wine, brandy, &c., he is at least not liable to injury here?' I fear, however, that this fact also will militate against him.—Whatever is imported for sale here, ought to be paid for by the export of some other articles. The foreigner has a bill on England for the amount of his wine, which he wants to make the most of. If he buys English goods with it, he must pay so much more for them as the tax-

ation adds to natural price: he prefers going to a cheaper market, and consequently receives gold for his bill, with which he can buy more goods in other countries than here. Heavy sacrifices are made by the Englishman to prevent this; and especially after his gold has been carried away his price lowers; for he has then to tempt the foreign purchaser, in order to get it back again by the superior cheapness of our commodities compared with those of less taxed countries: in doing this, he loses even more than the taxes which he has paid; and that he loses these, is the point which I have been proving.

If this representation be true, it will follow, that prices in a *metallic* currency cannot be maintained in England, for a continuance, *higher* than they are in neighbouring countries, or than *natural* price warrants. By a desperate struggle for life or death, our productive classes have for a long time upheld them, in defiance of every disadvantage under which an unwise government has compelled them to labour—but prices still are gradually sinking, and must soon find their true level. For sixteen years the *productive* classes have been paying the greater part of forty millions a year in taxes, which ought not to have been required of them; taxes which should have fallen altogether on the *consumer;* and they still remain crushed to the earth by this terrible visitation upon them of a burthen which they were never intended to bear, nor

can bear much longer. Forty millions to be taken every year from the working classes, to compensate for errors in legislation not committed by them, but by their rulers; besides the greater part of fourteen millions more for *stamps* and *postages*, *houses* and *windows;* the whole of which ought to be paid by the rich, or by those who are above want, according to their respective means—is an impost of such magnitude, to be made without reason on men who were wholly unprepared to meet, and unable to bear it, as cannot fail to excite feelings, not merely of discontent in those whom it affects, but of indignation in every liberal mind.

It came suddenly upon the people, and such was their consternation at the time, such their perpetual harass of mind ever since to be able to stand their ground, that they have not yet had leisure to enquire how, or why, or by whose fault, they are thus overwhelmed with difficulties which thicken as the years roll on. In the interim, they are told by those public writers and public speakers who profess to be their friends, that all is going on right; "wait a little longer, (they say) and we will get the taxes *repealed* which oppress you:" but if a *mistake* has been committed, if those *taxes ought not to fall upon them at all*, why should they wait a day? Why should they not petition at once that these *taxes* should be charged as before to the *consumers* of commodities? If go-

vernment will not furnish the *means* of carrying them to their destination by an issue of paper money, they can, at all events, *commute them for a property tax*, and so relieve the producer. But whatever is done should be done quickly; for thousands of lives are lost while we hesitate.

During the war, this country possessed, in paper money, the power of adding the taxes to the natural price of all commodities, and the consequence was, that then our working classes fared equally well whether the taxes were increased or not. If a tax of 3*s*. was laid for instance on a hat, the manufacturer or vender charged the duty as well as the natural price, and what was previously 21*s*. became 24*s*. — When the duty on colonial produce or any other commodity was raised, the importer added the extra tax to the natural price, which raised the value of the article to a remunerating height, and injured no one. Why can we not allow this to be done again?— One argument against the return to a system of paper currency is, that *it will prevent our having any foreign trade*. As the Editor of the Times does not repeat this assertion among his objections to a paper currency, I am inclined to think that he sees the futility of it. A paper currency is in fact the only means whereby we can enjoy a *perfectly unrestricted trade* with all the countries in the world, and retain our taxation. For if the taxes are laid with any skill, they may be made to raise the

prices of goods so equally, that we shall have no one hurt as a producer, either by the taxes he has to pay, or by the competition of foreigners, who are free from those taxes. The hat-manufacturer, who makes an article for which 21*s.* is the natural price, but who receives 24*s.* to cover the tax in addition, may, if the paper currency of the country exceed the metallic currency in the proportion of *one-seventh*, allow the French manufacturer to send his hats here, and sell them for 24*s.*; knowing well that before the foreigner can realize that sum in gold or silver, he must exchange the paper money with which it is paid, into the precious metals, at the market price; that is to say, he must buy gold with that paper money, and the difference will leave him only the natural price of 21*s.* The English manufacturer receives the 24*s.* and with it pays his rent and taxes, and the wages of his workmen: he is therefore reimbursed the tax, and left uninjured by the introduction of foreign goods. This case will apply to all other kinds of English manufactures, when their price seems to be endangered by the admission of untaxed articles of the same kind from abroad.

But it will happen that sometimes an excessive duty is thought proper to be laid on some goods,—a duty far beyond the ability of paper money, at the rate of its ordinary exchange with gold, to reimburse the producer, in addition to the natural price. On colonial produce, for

instance, taxed sometimes as high again as its natural value, the general difference in exchange between paper and metallic money cannot compensate the English vender in free competition with the foreigner. In all these cases, therefore, a duty must be laid on the importation of these articles from other countries, sufficient to bring the Englishman on a fair level with his foreign antagonist.

In articles of export, the difference between paper and metallic money will yield our producers every needful protection. If they sell their goods abroad but for the natural price, and none of their rivals can afford to take less, that price, being the quantity of gold and silver representing the untaxed article, will, on the average, exchange in England for so much paper money as will represent not only the natural price, but the taxation to which our producers are subjected. If here, however, excessive duties have been charged on any commodities, the producer must be allowed a drawback on carrying them abroad.

Under this system then of a paper currency, which is capable of adding to prices so much as taxation requires beyond the natural expression of their value in gold and silver, the producer will have nothing to complain of, lay your taxes as you will, provided only that in all cases of excess, he is guarded from unfair competition by a protecting duty or a drawback.

It is equally clear also that the *consumer* of those commodities in this country will have no reason to object to such a system, if he is charged only the *tax* in addition to the natural price; for when the tax was laid, it was designed to fall on the consumer.

The only way in which he can be injured is, when paper money is *depreciated, properly speaking*: that is, when it is issued in such abundance as to advance commodities *beyond the level of their natural and taxation price added together*. Whether it was ever so depreciated during the war, will be a very fit subject of enquiry.

In order to ascertain this point, we must endeavour to discover, first, what addition the taxes *ought* to have made to natural prices during the war; secondly, whether prices *actually* advanced in that proportion; thirdly, whether bank notes, which were the means of making this addition, *exceeded* in amount the demands of taxation, and the increase of price to which it led.

> On a huge hill,
> Cragged and steep, Truth stands, and he that will
> Reach her, about must and about it go;
> And what the hill's suddenness resists, win so.*

The *increase of the revenue* is one test of the addition which *ought* to have been made to natural prices. In 1792, the income from taxes

* Donne.

was 17,962,851*l.*: in 1816, it amounted to 61,863,350 millions; shewing an increase of seven to two, compared with 1792.

The *progress of the national debt* furnishes us with another criterion. At the Revolution, in 1689, it was 664,263*l.* "In 1697 the deficiences of several taxes were charged upon what was then called the first general mortgage or fund."*

THE AMOUNT OF THE PUBLIC DEBT OF GREAT BRITAIN

Funded and unfunded,

Was on the 31st December,	1697,	£21,515,742
Which was reduced in - -	1701 to	16,394,701
Increased by the war from 1702 in	1714 —	53,681,076
Amounted in - - -	1722 —	55,282,978
Reduced in 17 years of peace, -	1739 —	46,954,623
Raised by the wars from 1739, in	1748 —	78,293,313
Reduced in - - - - -	1755 —	72,289,673
Raised by the war ending 1763, in	1764 —	139,516,807
Reduced in - - - - -	1775 —	129,146,322
Increased by the war ending -	1784 —	249,851,628
Reduced in - - - - -	1793 —	239,350,148
Increased by the war ending -	1816 —	864,822,540
Remaining in - - - - -	1831 —	789,566,480

According to this table, the increase of taxation, by the late war, has not been less than as three to one.

What effect this increase had on prices may be ascertained by the following tables.

* Smith's Wealth, &c., M'Culloch's edition, vol. 4, p. 12.

PRICE OF CORN.

The *highest*, *lowest*, and *average* price per quarter of "*the best or highest priced wheat*," at Windsor market, taken from the audit books of Eton College, was for the

		Highest.		Lowest.		Average Price.	
		s.	d.	s.	d.	s.	d.
Ten years ending in	1735	48	5	23	8	35	2
	1745	45	1	22	1	32	1
	1755	39	8	28	10	33	3
	1765	53	4	26	10	39	3
	1775	59	1	40	7	51	4
	1785	54	3	36	2	47	8
	1792	56	2	42	3	50	9
	1795	81	6	42	3	54	4
	1805	128	6	54	0	81	2
	1815	128	0	76	0	97	6

This table exhibits an increase in price of two to one during the late war.

By the returns of the inspector of averages for England and Wales, the price of *middling* wheat per quarter was

		Highest.		Lowest.		Average.	
		s.	d.	s.	d.	s.	d.
For the year	1792	..		..		42	11
Four years ending	1795	74	2	42	11	54	5
Ten ———	1805	118	3	50	3	75	2
Ten ———	1815	125	5	64	4	90	0

Exhibiting an increase of prices during the war of rather more than two to one.

It may, however, be argued, that these statements of the increase of taxation, and of its alleged effect on prices, are no proof of the addition which *ought* to be made to prices, as we have no *starting point* to proceed from. To this

it may be answered, that the *natural price of corn* gives that starting point; but to ascertain what this is, we must travel somewhat farther back, and trace the consequences of the *national debt* in its influence on the price of corn, from its commencement in 1697.

"In 1688, Mr. Gregory King, a man famous for his knowledge of matters of this kind, estimated the average price of wheat in years of moderate plenty, to be to the grower 3*s*. 6*d*. the bushel, or 28*s*. the quarter. The grower's price I understand," says Dr. A. Smith, "to be the same with what is sometimes called the contract price, or the price at which a farmer contracts for a certain number of years to deliver a certain quantity of corn to a dealer. As a contract of this kind saves the farmer the expense and trouble of marketing, the contract price is generally lower than what is supposed to be the average market price." * This, being the price of middle wheat, requires the addition of one-eighth, according to the allowance of Dr. Smith, in similar cases, to bring it up to the level of the best wheat.† In Windsor market, the price therefore would be 31*s*. 6*d*., to which if we add 2*s*. per quarter for the difference between the contract and market price, the natural value of the best wheat will be 33*s*. 6*d*. per quarter. This agrees with the estimate

* Smith's Wealth, Vol. I. p. 321. † Vol. I. p. 316.

formed by Capt. Smith, of the natural price of wheat, who says, "The common price of wheat throughout Europe varies but little: it is notorious that it is never below 18 livres the setier;" which is equal, as he states, to 33*s*. 6*d*. the London quarter. "The average price of wheat for the last 79 years (he adds in a note), hath been 33*s*. 2½*d*. at Windsor." * Dr. Adam Smith makes the average price of the *best* wheat somewhat higher than this; but middle wheat is stated by him to have been 32*s*. per quarter for the first 64 years of the present century. By the returns given in the preceding table, it appears that, from 1725 to 1755, the average price of the *best* wheat at Windsor market was only 33*s*. 6*d*. per quarter. Thus it appears, that corn advanced during the war to twice its *previous*, and to three times its *natural* price.

Now corn is the standard of value for all things, and, therefore, if it be advanced in price, all other necessaries of life will advance, and they who consume them, ought to have an increase of wages in proportion. It will appear that such advance did take place, and that the consumers, for their wages, had such an increase, or at least one which did not *exceed* the proportion required by the amount of the taxes, or the price of corn, according to the following tables.

* Tracts on the Corn Trade. The second edition was published in 1766.

PRICES PAID AT GREENWICH HOSPITAL,

from 1790 *to* 1813.*

In the course of these twenty-three years, the prices on an average advanced as follows :—

	s.	d.		s.	d.	
Flour from - -	43	4	to	93	0	pr. sack.
Cheese - - -	0	4	—	0	8	per lb.
Butcher's meat - -	36	10	—	75	1	per cwt.
Butter - - -		6½	—	1	2	per lb.
Oatmeal - - -	5	3	—	12	3	pr. bush.
Carpenters' wages - -	2	6	—	5	6	per day.
Bricklayers' - -	2	4	—	5	3½	——
Masons' - - -	3	10	—	5	6	——

Thus these charges increased in the same proportion with the increase of taxation and the price of corn, but they did not exceed either. The same increase is exhibited in the

RATE OF WAGES FOR AGRICULTURAL LABOURERS, IN CUMBERLAND,

From the tables of Mr. Rooke.

			s.	d.	
For the 7 years ending	1792	they were	7	3	per week.
——————————	1813	——	15	2	——

A further proof of the increase which taxation has called for, in the monetary value of all articles in England, is to be found in the following

* From tables drawn up by Mr. Attwood, published in Mr. Cayley's Commercial Economy, p. 111.

OFFICIAL AND DECLARED VALUE OF EXPORTS

of British and Irish produce and manufactures for the following years. Parl. Papers. No. 243, Session 1830.

Yrs. ending 5th Jan.	Official Value.		Declared Value.	Total of 5 years.	
1799	£18,556,891	..	31,252,836		
1800	22,284,941	..	35,903,850	£188,918,582	*Dec.*
1801	22,831,936	..	36,929,007	113,371,269	*Off.*
1802	24,501,608	..	39,730,659	75,547,313	*Diff.*
1803	25,195,893	..	45,102,230		
1804	20,042,596	..	36,127,787		
1805	22,132,367	..	37,135,746	186,638,903	*Dec.*
1806	22,907,371	..	37,234,396	113,312,652	*Off.*
1807	25,266,546	..	39,746,581	73,326,351	*Diff.*
1808	22,963,772	..	36,394,443		
1809	24,179,854	..	36,306,385		
1810	32,916,858	..	46,049,777	199,542,232	*Dec.*
1811	33,299,408	..	47,000,926	140,567,564	*Off.*
1812	21,723,532	..	30,850,618	58,974,668	*Diff.*
1813	28,447,912	..	39,334,526		
1814	Records destroyed by fire.				
1815	32,200,580	..	43,447,373		
1816	41,712,002	..	49,653,245	218,958,943	*Dec.*
1817	34,774,521	..	40,328,940	189,881,125	*Off.*
1818	39,233,467	..	40,349,235	29,077,818	*Diff.*
1819	41,960,555	..	45,180,150		
				70,803,982	*Off.*
1820	32,983,689	..	34,252,251	69,821,328	*Dec.*
1821	37,820,293	..	35,569,077	982,654	*Diff.*
1822	40,194,681	..	35,823,127		
1823	43,558,488	..	36,176,896	221,397,182	*Off.*
1824	43,166,039	..	34,589,410	182,266,784	*Dec.*
1825	48,024,952	..	37,600,021	39,130,398	*Diff.*
1826	46,453,022	..	38,077,330		
1827	40,332,854	..	30,847,528		
1828	51,279,102	..	36,394,817	260,238,271	*Off.*
1829	52,019,728	..	36,150,379	176,857,099	*Dec.*
1830	55,465,723	..	35,212,873		
1831	61,140,864	..	38,251,502	83,381,172	*Diff.*
1832	60,683,933	..	37,163,647		

The *official* value is estimated agreeably to the principle acted on in 1698, immediately after the establishment of the Bank of England; this may be considered to represent the *natural* price. The *declared* value is the worth of the goods at the *market price* of the day: so that this is the price in paper money. In 1800, those exports were worth, at the *official* value, 22 millions, which at the market price, were *declared* worth 36 millions. In 1830, those goods were worth, at their *official* value, 56 millions, which at the market price were *declared* to be worth only 35 millions; thus the same goods which produced in 1800 and 1830, at the market price, 36 millions, (speaking in round numbers) cost the producers in 1800, but 22 millions of metallic money, and in 1830, not less than 56 millions of the same money—a difference of 5 to 2. With a paper currency, our manufacturers would not have been compelled to lose the sum which taxation ought to have added to the natural price, as they actually did in the latter period, except in so far as the loss has been borne by the poor operatives and their miserable children, working at reduced wages during increased hours. That which was really worth 55 millions, would have been sold for as much, if not more; or rather that which was sold at the market price for 36 millions, would not have cost the producers more than that sum. From 1799 to 1813, a period of 14 years, the market price

of our exports annually exceeded the natural or real price in the proportion of 18 to 12: shewing a difference of *one-third* on all the foreign trade of that long period. From 1815 to 1819, the proportion was only 21 to 18, leaving a difference of *one-seventh*. In 1820 and 1821, the two prices were at *par*. From 1822 to 1826, the *real* money value exceeded that of the *market price* in the proportion of 22 to 18, a difference of *one-seventh*; and in the last five years it has been as high, on the average, as 26 to 17; producing a difference of *one-third*. Our position, therefore, is exactly reversed; and the productive classes are losing every year as much as they formerly gained, by the change from a paper to a metallic currency.

Having seen in what degree prices might be expected to advance, and in what degree they did advance, we have only to look to the *issues of paper money*, to learn whether the *means* were supplied in greater abundance than necessity demanded. If the issues of the Bank at the end of the war did not exceed the proportion of 5 to 2, as compared with the issues at its commencement, they were not beyond the limit required by the increase which taxation gave to prices during the war.

THE HIGHEST ISSUE OF BANK OF ENGLAND NOTES,

In	1791	was	12,163,240
—	1793	—	12,366,840
—	1797	—	11,215,330
—	1803	—	17,859,570
—	1813	—	23,844,050
—	1814	—	28,763,200
—	1817	—	29,543,770

The increase, therefore, was not greater than its due proportion; having kept pace, it seems, as nearly as possible, with the causes which gave rise to it.

Hitherto then we have seen no signs of a *depreciated* currency,—in the sense of an *excessive* issue causing a *deterioration* of the money of the country,—which is the meaning attached to the term by the Editor of the *Times*. Compared with *gold*, it might be said to be depreciated, because from 1793 to 1814, an ounce of gold rose, in respect to paper, from 77*s*. 10½*d*. to 104*s*.; but with equal propriety, paper money might be said to be depreciated with respect to *corn*, and other things. The difference, however, was caused, as we have seen, not by depreciation, but by the demands of *taxation;* and if the producer cannot bring corn and other commodities to market for less than this sum, when he is obliged to pay these taxes, *it constitutes a fair price, as proper to be paid by us, as the natural price alone would be in an untaxed*

country. Thus the *depreciation*, if it be proper to call it by that name, is *comparative*, not *positive*—a *just*, and not an *unjust* measure, if it does not exceed its proper bounds; and altogether different in principle, therefore, from such a depreciation as would have ensued, had gold, by the discovery of new mines more easily worked, been doubled in quantity by the same consumption of corn: this would have been a *positive* depreciation, chargeable with all the evils erroneously attributed to a *paper* currency by the Editor of the Times; but I question whether it would have received his notice or objurgation.

Having vindicated paper money, issued during the war, from the charge of *depreciation*, in the sense of causing a *deterioration of the currency*, for that is the more correct mode of designating the nature of the injury it is supposed to have inflicted, — I will now go much further, and affirm, that the *paper money of perfectly solvent parties*, persons *well known* to have property abundantly sufficient to cover the amount of their issues, can *never*, under any circumstances, become *depreciated*, so as to cause a *deterioration of the currency*. Let us take the case of a public Banking Company*, with a paid-up capital, amply sufficient to cover all losses.

* Not a *pseudo*-Banking Company, established by speculators for the mere purpose of discounting their own bills. See Evidence of Mr. Burgess, on the Bank Charter.

They shall have invested all their capital in the funds, — and they shall begin business without having an ounce of gold in their coffers, but still their paper shall never be in excess. Their professed object is to issue their own notes in loans on mortgages of houses and lands, or in the discount of good commercial bills; or on good and sufficient personal security: but who will take their notes, you will say, if they are not payable in gold? If I am a man of landed property, to whom the possession of 10,000*l.* in ready money is of so great importance, that I am willing to pledge, as security for it, the title deeds of an estate worth 30,000*l.*, I may be induced to apply for that sum, giving a mortgage of the estate. My object is to pay some debts that I owe, or to make some improvements which I calculate will bring me back my money with advantage. If I obtain the money to pay my debts, I tender the notes to my creditor, who may be a capitalist, living on his income. He demurs, you may think, to receive them. But suppose he is a *shareholder* in the company, he will then be glad of them, since he can send them back to the company, and receive credit for the amount, with such interest as they allow for permanent deposits. But he can also do the same if he is not a shareholder. In either case he becomes a creditor again, having this time the security of my estate, which the company hold, and the further secu-

rity of their subscribed capital, as a guarantee for the safety of his loan. It is not likely that under these circumstances he will refuse the notes, preferring a single to a double security. But I may wish to pay them to a tradesman to whom I owe a bill. Will he refuse them, when he knows that they are taken as money by all the subscribers to the company, even if he does not happen to be one himself? Will he prefer my personal assurance that I will pay him, as soon as I am able, to the notes of a company, who have got for every 100*l.* a security on my estate for 300*l.*, that the notes shall be paid, besides the security of their advanced capital? He will, of course, take them gladly, as giving him greater security than he had before, and either send them to the bank to be placed to his credit, permanently, like the capitalist, — or employ them, as he may see fit, in making his own payments. But suppose I want to make improvements on my estate, I pay the notes to all kinds of labourers and artisans. They buy what they want *with them*, and the tradesmen take them and pay them away, or send them to the bank to make interest.

If I am a manufacturer, and want a bill discounted, the notes of such a company are at least as good to me as the bill. I pay the workmen I employ with them — and they the tradesmen, of whom they purchase the necessaries of life, who either circulate them further

or send them into the bank. My bill, on London we will suppose, is now in the company's hands, and some tradesman wants to remit to London: he, perhaps, can use it for this purpose—and he esteems it so much the better, as the bank are his guarantees for the payment in addition to the drawer and acceptor: he therefore gladly commutes his notes for this bill, and thus he has discounted the bill in effect, with his own goods, and without risk or inconvenience. I need not pursue the subject further: — from these instances of the working of the system, it is clear that the notes of such a company would soon get into circulation, and be much esteemed throughout the neighbourhood.

'But I want gold,' you will say. The company will obtain it for you, if they have it not, but it must be at the market price. They will act as your present banker does, when you wish him to buy stock for you; they will purchase it at the price of the day, without charging commission.

'If this be all, the company may issue notes to any extent: there is no check upon them at all,—and prices will advance *indefinitely*, under the pretence that taxation calls for it, till all the unproductive classes are plundered of the whole of their property.' This I most expressly deny. There are checks which cannot be got rid of by the productive classes, so imperative as to prevent their employing more notes than are *absolutely necessary* to cover the

taxation and natural price of their commodities. The consumers, therefore, have nothing to fear.

One of these checks is the competition of rival producers *at home*. If one man is desirous of charging for his goods more than is their due price, others will undersell him. The lowest rate of price at which goods can be re-produced, to allow the means of necessary subsistence to those who are employed in producing them and bringing them to market, will, in a free country, where there is no monopoly, and where all may engage in the business if it appears to be too lucrative in comparison with other trades, be the *maximum,* and, taking one year with another, will effectually keep down prices to the lowest level.

The other check, which is still more severe, more extensive in its operation, and utterly beyond the possibility either of evasion or control, by combination or other means, arises from *foreign* competition. Suppose that not only one, but all the farmers in Great Britain, were bent on pursuing their own advantage to such a degree as to demand, and by gradual advances of paper money obtain, a much higher price than the present, which is 53*s*. per quarter for wheat. As they are entitled to some increase, because the present price does not carry with it the taxation that it ought, let us suppose that the increase, to which they may be fairly entitled, should lead to an advance from 53*s*. to 80*s*. per quarter, but that with this they are

dissatisfied, and want still more, demanding as much as 100*s*. per quarter. What is the result? The foreigner sends his corn here, and sells it for 100*s*. in paper money. He takes this to the bank, and buys gold or silver with it. If he can get *more gold* or *silver* in exchange than the *natural* price of his corn will bring him in the common market of Europe, he profits by the transaction to the amount of the difference. This advantage leads him to repeat the operation, and others to follow his example, till the English farmer is forced to reduce his price to that quantity of paper money, say 80*s*. which exchanges in England for so much gold or silver as constitutes the foreign price of his corn. Now that which is a check on the farmer, is equally a check on every other producer, with the exception before mentioned of such as are disproportionably charged with a tax, for which they require, in addition to the difference between paper and gold, a protecting duty on importation, and a drawback on exportation. But if this be true, and it cannot be controverted, it is equally true that paper money, however willing the issuers may be to part with it, and the borrowers to get it, cannot be issued in excess; for the moment it is so issued, as to yield prices, which exceed the amount collectively of natural and taxation price, foreign competition immediately pulls down the excess, by compelling the English

producer to keep his goods to himself, if he will not take a fair remuneration for them. In consequence of this, the extra notes *retire*: and the effect of the home and foreign competition together is, that the unproductive classes can never be charged, for the commodities which they consume, more than the lowest sum necessary to remunerate the English producer.

And since prices generally would be thus kept down by competition, foreign as well as domestic, the price of gold in paper could not suddenly rise from 1*l*. 10*s*. to 3*l*., at the will of any man or set of men, which is another accusation preferred against paper money. There could be no sudden increase of value in gold as compared with paper: a fixed and inevitable necessity would govern at all times the relation of the two; for the difference between them is nothing but the expression of the relation, which natural value bears to both natural and taxation value; and when that has once arrived at its proper point, it will remain stationary, neither receding nor advancing, except under well defined circumstances of universal notoriety, which, when they did arise, would act slowly, and which, in their origin, are placed beyond the power of one man to control, or profit by, more than another. Whatever contributes to *augment* or *diminish* the expenditure of the State, will affect prices: as taxation advances, the difference between paper

and gold will increase; as it diminishes, that difference will decrease; and when our taxes are lowered to the level of those of other countries, paper and gold will be at par.

As a proof of the uncontrollable influence of the *debt* in increasing or diminishing the price of corn, I subjoin the following tables. The first gives the *amount* of the National Debt at certain *epochs*, commencing immediately after its first formation as a permanent fund. In connexion with this is, 1. the *assumed price* of corn at that period, adding taxation to natural price; 2. the *actual price* taken from the audit books of Eton college, on an average of ten years preceding and including each date. The *assumed* price is founded on the natural price of the best wheat, viz., 33*s*. 6*d*. per quarter, agreeably to the estimates of the best informed persons before mentioned, adding *one penny per quarter* for every *million* of the debt at each particular period. It is not pretended that a penny per quarter *ought* to be the precise sum added to the natural price, to compensate the grower for taxes claimed of him above what he is able to bear; but if it be found in practice to exhibit an approximation to the truth, sufficiently close to enable us to determine in what degree prices may be expected to have risen, to keep close to their just proportion of increase from one stage of the debt to another, it is sufficient for our purpose.

I. *Table of the Assumed and Actual Price of the best Wheat* in Windsor market, at particular *epochs* of the debt from 1692 to 1820.

Year.	Amount of National Debt.	Assumed Price pr. Qr. at each date. s.	d.	s.	d.	Actual Price per Qr. for 10 years then ending. s.	d.	s.	d.
1701	£16,394,701 ..	34	10	Average		51	2	Average	
1715	53,681,076 ..	37	11	of these		44	2	of these	
1739	46,954,623 ..	37	5	years,		31	9	decennary	
1748	78,293,313 ..	40	0			31	9	periods,	
1764	139,516,807 ..	45	2	39	10	37	5	39	3

Average of actual price including every year from 1692 to 1764, total 73 years, 38 0 per quarter.

1775	129,146,322 ..	44	4			51	4		
1784	249,851,621 ..	54	4	50	8	48	0	50	1
1793	239,340,148 ..	53	6			51	0		

Average of actual price including every year from 1765 to 1793, total 29 years, 49 5 per quarter.

1797	373,624,762 ..	64	7	69	2	56	8	68	4
1801	484,465,200 ..	73	10			77	1		

Average of actual price including every year from 1794 to 1801, total 8 years, 82 10 per quarter.

1805	577,016,548 ..	81	7			81	2		
1809	650,013,362 ..	87	8	90	4	88	7	89	1
1815	821,740,214 ..	101	11			97	6		

Average of actual price including every year from 1802 to 1815, total 14 years, 86 9 per quarter.

1817	848,282,477 ..	104	2	103	11	101	2	98	11
1820	843,388,804 ..	103	9			96	8		

Average of actual price including every year from 1816 to 1820, total 5 years, 99 8 per quarter.

II. *Table of the Assumed and Actual Price of the best Wheat,* at Windsor, for *every year* from 1797 to 1820, with the *average actual price* for ten years preceding and including.

Year.	Amount of Debt.		Assumed Price each year. s.	d.		Actual Price each year. s.	d.		Average. of 10 yrs. s.	d.
1797	£373,624,762	..	64	7	..	62	0	..	59	8
1798	402,759,740	..	67	0	..	54	0	..	60	2
1799	436,672,490	..	69	10	..	75	8	..	62	2
1800	451,695,763	..	71	1	..	127	0	..	69	3
1801	484,465,200	..	73	10	..	128	6	..	77	1
1802	528,839,276	..	77	6	..	67	2	..	78	6
1803	543,229,137	..	78	9	..	60	0	..	79	0
1804	553,644,814	..	79	7	..	69	6	..	80	6
1805	577,016,548	..	81	7	..	88	0	..	81	2
1806	607,757,722	..	84	1	..	83	0	..	81	6
1807	627,936,663	..	85	9	..	78	0	..	83	1
1808	640,204,573	..	86	10	..	79	2	..	85	7
1809	650,013,362	..	87	8	..	106	0	..	88	7
1810	661,490,238	..	88	7	..	112	0	..	87	1
1811	669,374,786	..	89	3	..	108	0	..	85	1
1812	684,743,399	..	90	6	..	128	0	..	91	2
1813	716,090,573	..	93	2	..	120	0	..	97	2
1814	799,288,486	..	100	1	..	85	0	..	98	2
1815	821,740,214	..	101	11	..	76	0	..	97	6
Average of the 19 yrs			82	8		..		..	81	2½
1816	864,822,540	..	105	6	..	82	0	..	97	5
1817	848,282,477	..	104	2	..	116	0	..	101	2
1818	843,514,767	..	103	9	..	98	0	..	103	1
1819	844,962,321	..	103	10	..	78	0	..	100	3
1820	843,388,804	..	103	9	..	76	0	..	96	8
Average of the 24 yrs.			87	0		..		..	85	0

In a pamphlet, which is intended to convey nothing more than a sketch of some important truths, hitherto unexplained, concerning paper money, I am not permitted to make those deductions from the preceding tables, which would become a treatise on political economy: all that comes within my province on this occasion is to make a few passing remarks, which shall be as brief as possible.

1. From 1688 to 1765, that is, for the whole of the first period in No. I, it was the policy of our government to offer a bounty of 5*s*. per quarter on the export of corn. Various opinions have been entertained respecting the propriety of this measure. Dr. A. Smith thinks it "altogether impossible that the bounty could ever contribute to *lower* the price of grain."* He supposes, on the contrary, that it "necessarily tends to *raise* the money price of corn somewhat higher than it otherwise would be in the home market."† The opinion of Mr. Ricardo is to the same effect, but qualified by this consideration, that as corn, to be more largely produced, which is the natural effect of a bounty on exportation, would require the cultivation of inferior lands, so the rise in price necessary to repay the producer, under this forced system, would still be the *natural* price of the country; and as this was higher than before,

* Smith's Wealth, vol. ii. p. 364. † p. 365.

the difference of cost between corn grown on good and inferior soils would constitute a rise in rent. "By a continued bounty, therefore, on the exportation of corn, there would be created a *tendency to a permanent rise* in the price of corn, and this, as I have shewn elsewhere, never fails to raise rent."* If it did not call for the cultivation of inferior lands, he thinks a bounty would have no effect on price at home: "A bounty on the exportation of corn tends to lower its price to the foreign consumer, but it has no permanent effect on its price in the home market."† Its *practical* operation is however supposed by both writers to be a rise in the home price of corn, which Dr. Adam Smith condemns as impolitic;‡ and Mr. Ricardo admits to be injurious to all classes, except the landlord.§ "Inasmuch," observes Mr. M'Culloch, "as bounties force us to have recourse to poor soils, and, consequently, diminish the productive power of fresh capital when applied to land, they contribute to raise rent, and are, therefore, beneficial to the landlords: to every other class of society, however, their effects are diametrically opposite."¶ On referring to the table of actual prices for these

* Ricardo on Pol.Econ. p. 368. † Ibid p. 354.

‡ Smith's Wealth, vol. iii. p. 452.

§ Political Economy, p. 400.

¶ Smith's Wealth, by Mr. M'Culloch, vol. iv. p. 336.

seventy-three years, during which the bounty on exportation was in use, we see that its effect was, as might be expected, a violent *derangement* of the current price of corn, causing it to fluctuate in periods of ten years each from 51*s*. 2*d*. to 31*s*. 9*d*. per quarter; and, in single years, from 69*s*. 4*d*. (in 1709 and 1710), to 22*s*. 1*d*. (in 1743 and 1744), the highest and lowest prices on record, from 1595 to 1795, (with the exception of the two anomalous years, 1648 and 1649.) There is ample reason, therefore, to join with these high authorities in condemning the system of bounties on corn, although that effect did not follow which they attribute to it—a general rise of price. Dr. Smith endeavours to explain how this failed to happen, by supposing a general scarcity of silver for the time; but he is forced to abandon this theory in speaking of the period of greatest decline, viz, from 1741 to 1750. If we conclude that *taxation required* the price which on the average was obtained, and that the bounty did nothing more than *embarrass* the regular course of production which, without legislative interference, would have gone on smoothly; we shall form, as it appears from the fact, a more accurate judgment.

2. From 1765 (by the suspension of the bounty) and from 1773, by the passing of a new act, the former principle of a bounty up to 48*s*. per quarter, was restricted to 44*s*. per quarter,

at which price, in fact, exportation was prohibited. The duty on importation was, by this act, increased from 16*s.* per quarter, when wheat was under 53*s.* 4*d.* (22d Charles II.) to 21*s.* 9*d.* per quarter when it was below 48*s.* At 48*s.* a nominal duty of 6*d.* was imposed. As the increase of taxation was such as to demand, at the commencement of this period, the price of 44*s.* 4*d.* per quarter, the limitation of the bounty to 44*s.* was a virtual abolition of it; and as importation was restricted under 48*s.*, prices were in reality left to range themselves, for the greater part of this term, exactly as they would have done had there been no parliamentary intervention. In one respect, this wrought a great improvement; — fluctuations of price were from this time comparatively trifling. But when, under this system, it was rendered possible for the agriculturist to demand and obtain that remuneration, on the average, adding taxation to natural price, which was due to him, another kind of inconvenience ensued: — the price of wheat, which from 1739 to 1764 had been, on the average, much below the rate which taxation and natural price required, rose considerably above that level, being for the 10 years ending in 1775, as high as 51*s.* 4*d.*; whereas the debt of this last year would have raised it only to 44*s.* 4*d.* This advance was injurious, being more than could be sustained by the currency; of which we have incidental proof in the

following remark of Dr. Adam Smith, made at this period.

"By issuing too great a quantity of paper, of which the excess was continually returning in order to be exchanged for gold and silver, the Bank of England was, for many years together, obliged to coin gold to the extent of between 800,000*l.* and 1,000,000*l.* a-year; or, at an average, about 850,000*l.* For this great coinage, the Bank (in consequence of the worn and degraded state into which the gold coin had fallen a few years ago) was frequently obliged to purchase gold bullion at the high price of 4*l.* per oz. which it soon after issued in coin at 3*l.* 17*s.* 10½*d.* per oz., losing in this manner between 2½ and 3 per cent. upon the coinage of so very large a sum. Though the Bank, therefore, paid no seignorage, though the government was properly at the expense of the coinage, this liberality of government did not prevent altogether the expense of the Bank."

The circumstances in which the Bank was placed at this period, are precisely like those in which it was placed at the close of the late war, when, in consequence of the great difference between the taxation and natural price of corn, compared with its natural price only, which difference had been represented by paper money, the Bank could not keep up the supply of gold, in exchange for notes, equal to the demand. In the former period, they bore the loss for

some years, till the due relation of paper money to gold was again adjusted: in the latter, they protected themselves by a rapid diminution of their notes, which consequently rose in value as compared with gold. This was the remedy which Mr. Ricardo * and Mr. M'Culloch † contend the Bank ought to have had recourse to, in the period referred to by Dr. Adam Smith; and it is clear that, ultimately, it was the remedy: for the price of corn was reduced in the ten years ending in 1785, to 47*s.* 8*d.*, though the debt had been increased in the mean time, 100,000,000*l.*, which required the price of 54*s.* 4*d.* per quarter. The distress consequent on this, at the close of the American war, is still remembered.

3. "It deserves particular notice," says Mr. M'Culloch, "that from 1771 to 1791, both inclusive, there was no rise of prices." ‡ He attributes this to the improvements which had taken place in agriculture, but with more reason it seems due to the guard which the Bank of England was constrained to keep on its issues. In spite, however, of all precautions, so necessary was a rise of prices, and so great was the *practical* difference between paper money and gold when the war broke out, that after very exten-

* Political Economy, p. 425.

† Smith's Wealth, vol. ii. p. 46.

‡ Smith's Wealth, &c. vol. iv. Notes, p. 323.

sive and numerous failures in consequence of a demand for gold from the country bankers, who had supplied paper money on *good security!* the Bank of England was saved from experiencing similar disgrace and ruin, only by the passing of the Bank Restriction Act.

4. After the passing of this act, distress on the part of the agriculturist was at an end. Prices rose as taxation increased, *pari passu*, till, at the end of the war, a quarter of wheat sold for double its price at the beginning. The advance of *actual* price was in unison with the claims of taxation, after the first five years; and it kept so close to them throughout the whole period of 19 years, that in 1815, the average of the *assumed* price was 82*s*. 8*d*. per quarter, while the average of *actual* price was 81*s*. 2½*d*. In 1820, after 24 years, during the latter five of which the issues of paper money had been much tampered with and curtailed, the difference, on the average of the entire period, was only that of 87*s*. to 85*s*. per quarter. Suppose the natural price of wheat to be 32*s*. instead of 33*s*. 6*d*. the *assumed* and *actual* price would be *identical*.

If anything could banish from the minds of the timid, or of those who are unpractised in the details of business, all apprehension that a free issue of paper money must lead to an *unlimited* rise of prices, it would be the comparison exhibited in these two tables, of the connection of *actual* price with the amount of *taxation*. Every million added to the debt had its corres-

pondent bearing on the *actual* price; the thermometer does not more strictly respond to the increase of temperature, than the scale of actual price does to the demands of taxation. But if this is the case with respect to *corn*, it must be equally true of all other commodities. And if this be the case in the ascending series, it will be no less true in the descending. Let then the issue of good paper money be free; let Government circulate whatever is necessary for the collection of the revenue, leaving the rest to banking companies, or to such private bankers as the community are willing to trust, and we shall be no more troubled with prices being too high or too low. As the debt diminishes, prices will most certainly decline, and till then they ought not to do so. It is not even the interest of government that they should. As for *corn laws*, *restrictions* on importation, and *bounties* on exportation, the sooner they are all done away with, the better; for at *best* they are *useless*.

We have now to consider how far the assertion of the Editor of the *Times* is true:

"*That the Currency Club, in fact, propose to commit an open fraud, by means of a bank note engraver, acting under cover of an Act of Parliament, when they cannot perpetrate a direct robbery by destroying the bond, without incurring the penalties of the law.*"

That change in the currency, which reason and equity call for, will enable the debtor to discharge all money debts with a smaller amount of *property* than that which the creditor is at present entitled to *demand;* or it will do no good: because he is at present *entitled* to receive more property than belongs to him; in many cases, *twice* as much as was the value of the money which he lent. This error in his favour, arising from an error in legislation, will be corrected, and he will receive what is equitably his due.

But let it not be supposed that he is incurring by this provision a *loss*, or that he bears a burthen which other men of property do not equally sustain. He receives as much justice from the state as the landowner expects to meet with, and to more than that he has no claim. For wherein is the condition of the landed proprietor different from that of the fundholder? During the war, taxes were levied, which raised the prices of all commodities, because we had then a paper currency which supplied the means:—

THE LANDOWNER

1. Received his rent in that paper currency, which being the instrument by which he, an unproductive consumer, was made to pay the added taxes, lost so much of its available power in the purchase of commodities, as his share of the increase of taxation rendered necessary.

2. When corn advanced in price proportionally to the increase of taxation, and even beyond it in some degree, being called for by a scarcity in this country, and by the superior expense attending the cultivation of light lands during our non-intercourse with other countries, farmers who were possessed of good soils under old leases profited greatly, being able to charge all their taxation, in addition to the natural price of corn thus enhanced by a more expensive system of production;* but the Landowner suffered loss.

3. As leases expired, the Landowners came in for a share of this advantage, by demanding more rent, which, when it was obtained, left the farmer to bear the loss which fell upon him when taxation again became equalized, when corn was reduced in price by our returning connexion with foreign countries, and when, by the recklessness of competition for those farms which had been the source of such unlooked-for profit, he was led to re-occupy them at too high a rate.†

* Not subject to the check of a free importation of corn from countries where it could be grown cheaper, they had no restraint placed on them except that of domestic competition, and it was always under comparative disadvantages to the cultivator of the lighter soils: they were consequently more free from the burthens of the war than all other producers.

† The tables of *assumed* and *actual* price shew the opera-

4. On the termination of the war, (not to mention what has since been effected on the one hand by a change of the currency, which precluded the addition of taxation to natural price; and on the other hand by the enactment of corn laws with the view of creating a higher price, the means of supporting which the former measure took away) such a price becomes ultimately fixed on corn, at an average, as leaves the landlord, in his capacity of consumer, to pay all the taxes which the expenses of the war created, and which the producers of corn and other commodities cannot afford to pay for him.

5. As long as these taxes continue to be levied, the Landowner receives in rent a sum of money equal, if not superior in amount, to that which his land produced before the war commenced, but of less avail, since it will not procure him, in exchange, an equal quantity of all commodities. The difference, or what he loses, in quantity, is what

tion of that system which for a time benefited the agriculturist so remarkably. From 1715 to 1820, there is no instance of the decennary average of *actual* price exceeding the demands of taxation, except that of 1775, which has been already noticed as having attracted the attention of our best writers, till that of 1801, in which the *actual* average of eight years exceeded the assumed price by *one-seventh*, or 14 per cent.

he *pays* to the support of the state, for his own protection, and the preservation of his property.

6. When the reduction of the debt is beginning to take place, and especially when it becomes every year more conspicuous — in the exact degree in which this proceeds, the paper currency he receives for his rents, will become annually more effective in the purchase of all commodities. At last the debt is discharged: his money, though of paper, then resumes its pristine vigour, and is as efficacious as gold, with which it is at par in exchange. Taxation having ceased, his land is now free to render to him all its natural proceeds for his own use.

7. Had he sold his landed property at any period of the increase or diminution of the debt, the paper money he received for it would have exchanged at a greater or less degree of difference against gold, in proportion as his property was at that time burthened with the charge of a greater or less weight of taxation.

8. If the war continued twenty years, and the Landowner did not retrench in the *quantity* of commodities he purchased, he would probably find himself by *one-third* a poorer man, after the debt had been paid off, than he was at its commencement. This is

the price he *will have paid* for the protection he has derived, as a man of property, from the carrying on of that war.

THE FUNDHOLDER

1. Received his interest in that paper currency, which, being the instrument by which he, an unproductive consumer, was made to pay the added taxes, lost so much of its available power in the purchase of commodities, as his share of the increase of taxation rendered necessary.
2. When corn advanced in price beyond the increase called for by taxation, and other commodities were also dearer, having their price governed by that of corn, the money of the Fundholder, like that of the Landholder before his rents were raised, did not go so far in the purchase of commodities as it should have done; and so he suffered loss.
3. But the Fundholder had some compensation in being able to lend his surplus capital to government, during the war, on more advantageous terms than before. He often lent the same paper money which he received for his dividends, and which was fraught with the burthen of taxation, on such terms, that consols estimated at 60*l.* did not cost him more on the average than 54*l.*; nor can he be obliged to receive back his capital, till for every 54*l.* he is repaid

100*l*. To this we may add, that consols were below par in the years 1797, 1798, 1799, 1801, 1803, 1804, 1805, 1812, 1813, and 1815; in 1798 being as low even as 50.*

4. On the termination of the war, (not to mention what has since been effected on behalf of the Fundholder by a return to cash payments, which at once delivered him from all the taxes added during the war, by restoring his capital to him at the value it had before the war) so much will the paper currency of the country in which his dividends are paid, have lost of its available power in purchasing commodities, that it will leave him to pay all those taxes, as a consumer, which the producers of commodities cannot afford to pay for him.

5. As long as these taxes continue to be levied, the Fundholder will receive for his dividends a sum of money equal, if not superior in amount, to that which his capital produced before the war commenced, but of less avail, since it will not procure him in exchange an equal quantity of all commodities. The difference, or what he will have lost in quantity, is what he *ought* to pay toward the support of the state, for his

* App. to Bank Charter Report, p. 96.

own protection, and the preservation of his property.

6. When the reduction of the debt is beginning to take place, and especially when it becomes every year more conspicuous — in the exact degree in which its diminution proceeds, the paper currency he receives for his dividends will become annually more effective in the purchase of all commodities. At last the debt is discharged: his money, though of paper, then resumes its pristine vigour, and is as efficacious as gold, with which it is at par in exchange. Taxation having now ceased, his capital is free to render to him all its natural proceeds for his own use.

7. Had he sold his funded property at any period of the increase or diminution of the debt, the paper money he received for it would have exchanged at a greater or less degree of difference against gold, in proportion as his property was at that time burthened with the charge of a greater or less weight of taxation.

8. If the war continued twenty years, and the Fundholder did not retrench in the *quantity* of commodities he purchased, he would probably find himself by *one-third* a poorer man, after the debt had been paid off, than he was at its commencement. This

is the price *he will have paid* for the protection he has derived, as a man of property, from the carrying on of that war.

It appears to me, that in this parallel it is impossible to find any difference between the condition of the landed and funded proprietor. Each *ought* to be taxed equally towards the discharge of the obligations of the State, throughout a long course of years, as each *would have been* equally taxed, if it were the practice of government to require all men to contribute every year, according to their property, the sums required by the State, for the exigencies of the war, without incurring any debt. If this had been the way in which the heavy expenses of the late war had been defrayed, is there any one that would maintain it to have been the bounden duty of the State, to restore to the capitalist that *third* of his original property, at the end of the war, which the taxes had taken from him in the course of it, while the landowner was to be left to *lose his third* part, unless, by great personal privations, he could redeem it? Yes! The Editor of the Times maintains this, and more. He says, that they who will not acquit the public creditor of all liability to make good the expenses of the war, by paying him back, at the close of it, his money in *full weight and tale*, so that he shall enjoy it the same as if the war had never

existed, though it was carried on for his protection among others, and equally for the preservation of his property, "*propose to commit an open fraud*, under cover of an act of parliament, when they *cannot perpetrate a direct robbery* by destroying the bond, without incurring the penalties of the law!" I know of no way in which the capitalist would be entitled to receive his money again of *full weight and tale*, as it was forty years ago, except one, and that is attended with even greater disadvantages:—*he might have buried in the earth*, and then he would have had it all again; but, in that case, he would have lost his capital twice over, by losing the interest which he has been receiving in the interim.

The answer which the case of the public creditor has received, is equally an answer to that of the private creditor. It is immaterial at what time he lent his money, or at what time it is returned: if we have a free paper currency, it will, whenever restored to him, carry with it that precise value which the obligations of all property to redeem the debts of the State, justly entitle it to possess at that particular juncture.

Having mentioned what kind of paper money is not capable of being depreciated, I will name two sorts which may become liable to that charge. The first is, the notes of a *private banker*, when from a misplaced confidence, the

public have entrusted him with property in return for his notes, which property he has spent, or speculated away, so that there are not funds left to take up the notes, when they are returned for payment by those who hold them. A mere *suspicion* of the solvency of such a man will throw discredit on his notes, and would constitute them a depreciated currency, if they were allowed to pass for whatever the public chose to give for them, as is the case in America; but with us, if they are not of their full value they are considered worth nothing, till the dividend is declared. The second kind of depreciated currency is the notes of a *government*, when they are issued to a greater amount than is withdrawn from circulation by the demands of taxation; as was the case with the French assignats. A perfectly *undepreciable* paper currency, as I have said before, is that of a *bona-fide banking company*, with a large surplus capital, whose affairs are periodically laid open to all who take an interest in them, and the *paper money of a government* issued *annually* to an amount not greater than that of the annual taxation, and withdrawn in the *space of a year* from the time of each issue by the collection of the taxes. For *public* use we require the latter, for *private* accommodation the former; but whether we have both or either, such paper money can never become a *deteriorated* currency, at whatever rate our national taxation

may cause it to exchange against gold and silver. Whether our own population, or that of the civilised world, double or treble itself, while gold and silver do not increase; or whether these increase tenfold, or decline so as to furnish only a tenth of what is at present obtained from the mines,—we have only to adjust the quantity of gold and silver in our pound to the standard of four bushels of wheat, as it is found to exist abroad, on the average of seven or ten years, and with the use of *paper money*, all the vicissitudes of fortune, and changes of condition, to which mankind would otherwise be subject, will be avoided. A perfect *equality of price* in gold or silver may be sustained *for ever*. To whatever extent the claims of trade may increase or diminish; whether the demands of the State call for the addition of eight hundred millions to the debt, or permit its reduction from that amount to nothing,—*paper money* will adapt itself to every emergency with the nicest accuracy, giving to all their due; awarding to every one, at all times, his peculiar share of the public burdens, according to his ability, whether it be great or small; and securing to the *productive classes*, under every possible contingency, and for ever, a *sufficiency* of the *substantial comforts of life*.

With money of gold and silver, how different is the effect! Its *lowest* price is the average quantity of corn necessary to support those who pro-

duce it and bring it to market. Say that this is as high as a bushel of wheat for an ounce of silver, or four bushels for a sovereign, it is evident that if all the civilised world use these metals for money, a greater value will at times attend them; and an increasing necessity for more money, as the transactions of business become more numerous, will gradually enhance their value. Superadd taxation to this, and you alter instantly the relation they bear to all commodities. On a large scale we may see how it affects prices, by observing what has been done recently through the intervention of paper money, which, first representing taxation, and then being withdrawn, left the baneful qualities of a metallic currency in its more frightful aspect, to the full gaze of the public. From some tables drawn up by Thomas Attwood, Esq. M.P., inserted in Mr. Cayley's Commercial Economy, it appears that "a public creditor lending the value of 80 bushels of wheat to government, in 1813, (when wheat was 14*s*. 4*d*. per bushel, on the average of five years ending then, and consols were at $57\frac{3}{8}$, the average of that year) receives back in 1821, the value of 224 bushels of wheat, (corn being 6*s*. 6*d*. per bushel, and consols, $72\frac{7}{8}$, April the 5th, that year) or near *three times* the amount which he lent, besides the *full interest* in the meanwhile calculated after the same proportion." * The public creditor

* Commercial Economy. By E. S. Cayley, Esq., M. P. page 16.

who receives this, is, of course, the *speculator*, who watches every turn of the market to make a gain of it, and not the *permanent* fundholder, who is often blamed for transactions in which he has been an innocent party, and who is in danger of suffering the loss of his property on account of the misdeeds of those who have converted their *stock* in good time, on the *most advantageous terms*, into landed property. These are the legitimate fruits of a currency of gold and silver, to which taxation has given so great a power; but in the case before us, those operations are crowded into a few years which in general occupy many. Perhaps it is fortunate that we have the lesson read to us for our edification in language so startling, since its proper influence should be to warn us against the recurrence of circumstances so repugnant to reason, and detrimental to the public interest.

Had the same class, who bargained with the public creditor that he should have 100*l.* returned for every 54*l.* advanced, and afterward, by an alteration of the currency, threw into his hands 50*l.* more, paid the money out of their own pockets, there would have been the less to regret, since they deserved some punishment for their improvidence; but when the task of completing the obligation is imposed on others who were no parties to the transaction, its effects are greatly to be lamented.

Even when the process is more gradual, it is no less destructive, in the end, of the happiness and prosperity of the industrious classes. Allow no means of extension to the currency by the aid of paper money, lay taxes as formerly, which shall be paid by the producer out of his profits, and as his price cannot be raised for want of a currency capable of extension, he must lose the amount of those taxes by a diminution of his profits. This may be a comfortable doctrine for the rich consumer to advocate; but I am fully persuaded, that had the taxes, which have been imposed during the late war, been attempted thus to be wrung out of the hard earnings of those who work for their living, we should have had those hands raised against us, which were then lifted up in our defence.

But "the sum required by the tax (says Mr. Ricardo) must be raised, and the question simply is, whether the same amount shall be taken from individuals, by *diminishing their profits*, or by *raising the prices* of the commodities on which their profits will be expended. Taxation under every form, presents but a choice of evils; if it do not act on profit, or other sources of income, it must act on expenditure; and provided the burthen be equally borne, and do not depress reproduction, it is indifferent on which it is laid."*

* Pol. Econ. p. 184.

But with this concession, he remarks properly enough, that "corn and all home commodities would not be materially raised in price, without an influx of the precious metals; for the same quantity of money could not circulate the same quantity of commodities at high, as at low prices; and the precious metals never could be purchased with dear commodities. When more gold is required, it must be obtained by giving more, and not fewer commodities in exchange for it. Neither could the amount of money be supplied by paper, for it is not paper that regulates the value of gold as a commodity, but gold that regulates the value of paper. Unless, then, the value of gold could be lowered, no paper could be added to the circulation without being depreciated. And that the value of gold could not be lowered, appears clear, when we consider that the value of gold, as a commodity, must be regulated by the quantity of goods which must be given to foreigners in exchange for it. When gold is cheap, commodities are dear; and when gold is dear, commodities are cheap, and fall in price. Now, as no cause is shewn why foreigners should sell their gold cheaper than usual, it does not appear probable that there would be any influx of gold. Without such an influx, there could be no increase of quantity, no fall in its value, no rise in the general price of goods." *

* Pol. Econ. p. 186.

According to this doctrine, we are bound up in a golden chain, from which there is no possibility of escape; and though the choice of paying the taxes by a diminution of profits, or a rise of prices, is offered us, the truth comes out that we have "Hobson's choice," the first or none.*

The principle is undoubtedly correct, that without an *influx of gold*, "there could be *no increase* of quantity, *no fall* in its value, *no rise* in the general price of goods." But what shall we say to the *fact*, that ever since the year 1797, there *has been a rise* in the general price of goods? Is it not a proof that there *must have been an influx of gold?* — since, otherwise, there would have been no increase of quantity, no fall in its value. How, then, is that influx

* Mr. Ricardo did not perceive that paper money, if it added to prices only so much beyond gold as the taxes called for, would not disturb in any degree the natural price of commodities; that it would leave us at liberty to sell them abroad, or to bring the productions of foreigners for sale here, with the same advantage as before. He did not see, that with this addition to natural price, the taxes would be charged to the consumer without the necessity of an influx of gold to support them — which, as he correctly reasons, could not be had. He speaks, indeed, of the depreciation of paper in comparison with gold, as if he conceived the way in which the taxes might be added; but he did not suffer his mind to dwell long enough on the idea to discover that, if the depreciation was nothing more than the difference between natural price on the one hand, and taxation, added to natural price, on the other, it was not a depreciation to be condemned, but "a consummation most devoutly to be wished."

to be accounted for? Mr. Ricardo thinks that it could *only* have been obtained in consequence of foreigners selling their gold *cheaper* than usual; and, as no cause is shewn why this should be the case, he *disbelieves* the evidence of his eyes and ears, and concludes it not *probable* that there *could* be any influx. He wholly forgets that he had just before stated another condition on which gold could be obtained from foreigners: — "When more gold is required, it must be obtained by giving *more*, and not fewer, commodities in exchange for it." If, then, foreigners would not sell their gold *cheap*, that is, for *fewer* commodities, and certainly there is no cause shewn why they should, they might sell it *dear*, or for *more* commodities; and why they should do that, the *dearness* itself, that is, the *quantity of commodities given in exchange for it,* shews cause enough.

That we had higher prices during the war is *indisputable,* though Mr. Ricardo's theory could not admit it to be *possible;* and that gold was obtained from foreigners by buying it *dear*, in order to sustain those high prices, is no less certain, though the whole science of political economy should totter to its fall at the discovery. The following table exhibits melancholy proof of the fact:—

THE REAL VALUE OF *ALL* IMPORTS AND EXPORTS,

(Including Colonial Produce) for periods of five years, from 1788 to 1829.

5 Years ending 5th Jan.	Official Value of all Imports for 5 years.	Official Value of all Exports for 5 years.	Excess of all Exports over all Imports.
1792	£88,583,760	£93,109,710	£4,525,950
1803	136,190,325	163,966,239	27,775,914
1808	129,774,165	153,269,023	23,494,858
1813	143,609,365	184,102,917	40,493,552
1819	156,573,587	259,292,114	102,718,527
1824	154,989,624	246,530,466	91,540,842
1829	201,917,388	287,295,060	85,377,672

"It is a general law of prosperous commerce," says President Quincy Adams, "that the real value of exports should by a small, and *only a small*, balance exceed that of imports—that balance being a permanent addition to the wealth of the nation." * This maxim is the dictate of experience, as well as the conclusion to which common sense would naturally lead an enquiring and impartial mind. But to hear many of our English politicians talk, you would suppose that they really believe, since they strenuously maintain, a doctrine directly the reverse. They look at the difference between our exports and imports not only without alarm, but with complacency, and even pride, and congratulate themselves and the nation, that we are so wondrously fortunate as to have increased our wealth by 90 millions during the war, and

* Message to Congress, 2nd December, 1828.

by 280 millions during these "piping times of peace," all in the precious metals! They

> "At one slight bound high overleap all bound,"

and light on conclusions widely different from those of the cool and considerate American.

But a little reflection must convince every one of the impossibility of permanently retaining a large annual influx of the precious metals in any country. Take the increase at only a million per annum: in 100 years, we should have drawn 100 millions from the rest of the world, which, while it added to prices here, would decrease prices every where else, and so would offer, every successive year, a stronger inducement to people to go abroad, and carry either their income or their principal with them.

Secondly.—From this annually increasing quantity of the precious metals here, prices would generally advance, the consequence of which would be an increasing loss on the sale of all exported goods in the common market of Europe, or a total cessation of trade. This increasing loss would diminish the ability of the producer to pay such high prices, and thus tend indirectly to bring ours down to those of the Continent.

Thirdly.—Those who sold goods to England would receive high prices in the precious metals, which they would not use to buy our high-

priced commodities with, but would take to the Continent, where they could employ it to greater advantage, and this would directly tend to bring down our prices to the continental level.

Thus, by our own people carrying goods abroad, which have cost the producers a larger sum here in gold or silver than they can exchange them for, and by foreigners taking our precious metals out of the country when prices with us are higher than on the continent, that superfluity of gold and silver, which appears to constitute a permanent addition to the wealth of the nation, will be found to be a fleeting treasure, as impossible to be kept here as it would be to hedge in the cuckoo. If we will have it, so as to sustain much higher prices than other nations, we must get it *every year* by giving real value for it, and lose it again *as often*, that we may have the opportunity, so long as prices are kept up, of *re*-acquiring it: still

> " —— dropping buckets into empty wells,
> And growing old in drawing nothing up."

The following table shews, 1. the price to which gold would have risen, had we authorised its exchange against paper at the market price; 2. the *actual* price to which it rose during the war, as far as the latter can be ascertained; and 3. the average price of the best wheat; for periods of 5 years each.

ASSUMED AND ACTUAL PRICE OF GOLD.

5 Years ending 1793.	Proportional Excess of Exports.	Assumed Price of Gold.			Actual Price of Gold.			Average of best Wheat.		
		£.	s.	d.	£.	s.	d.	£.	s.	d.
1792	·9514, or 5 p. ct.	4	1	9	3	17	10½	2	12	9
1803	·8305, — 17	4	11	3	4	0	11	4	11	8
1808	·8467, — 16	4	10	4	4	0	0	3	19	6
1813	·7800, — 22	4	15	0	4	12	2	5	14	10
1819	·6039, — 40	5	9	0	4	5	8	4	10	0
1824	·6388, — 37	5	6	8	3	17	10½	3	5	10
1829	·7027, — 30	5	1	2	3	17	10½	3	8	0

It appears from this table, that before the war, our prices a little exceeded those of other countries, causing us a loss of about 5 per cent. in our exports, or 4½ millions in 5 years.

During the war, from 1799 to 1813, our prices so far exceeded those of other countries as to cause us a loss of from 16 to 22 per cent., amounting, in the course of the 15 years, to 91 millions, or 6 millions per annum.

In the 5 years ending 1819, we lost 40 per cent. by all our exports, making a sum of 102 millions, or more than 20 millions annually: one-eighth more than *all the loss of the* 15 *years of war*.

For the next five years, the loss was 37 per cent., amounting to 91 millions, or 18 millions per annum.

For the five years ending 1829, it was 30 per cent., being 85 millions, or 17 millions per annum.

The whole amount from 1799 to 1829, a

period of thirty years, is 371 millions, which, allowing for sums drawn from this country by absentees since the war, or as subsidies to foreign states during the war, leaves a loss of more than 300 millions.

How many more millions we are to lose, before our exports come down to the "*law of prosperous commerce*," in relation to our imports, is a question worth considering by all classes of the community: by the *productive*, who have hitherto sustained the whole weight of this useless expenditure of their strength, their time, and their talent; as well as by those who will henceforth share it with them. Sir Matthew Decker, who wrote on Foreign Trade near 100 years ago, well observes, that "The merchant, the manufacturer, and the sailor, who at first view appear to have the greatest interest in trade, will, on examination, be found not to be so deeply concerned in its well or ill being as the landholder, whose interest seems more remote, and who (with sorrow it must be said) too often, by his indifference, gives occasion to suspect, that he thinks he hath no concern in it at all.

"The former are not fixed to a country; their effects are all moveables, vendible in many parts of the world; if they are oppressed in one place, they can soon pack up and fly to another, where greater freedoms invite them; they may indeed be bound by leases of lands

or houses, but *parchment chains seldom prevent despairing fugitives:* therefore, the number of people in any country, as well as their well being, depends entirely on trade.

"The landholder hath an immoveable property, valuable only to some few of his neighbours or countrymen; the produce of which, if trade carries not off, nor brings in people to consume, but on the contrary, by its decay drives his consumers away; his tenants must decay, break, fly; his lands be untenanted: he may indeed sell at one price or another; but when the bulk of his neighbours are in as bad a situation as himself, and all rents declining, the value of untenanted farms and empty houses must be very low.

"The traders are, indeed, the first pinched; but then they have the first warning to avoid the calamity, which, coming but by degrees to the ultimate, the landholders, they are the longer lulled in a deceitful security.

"Who, then, is most concerned in point of interest with regard to trade; he whose property is in moveables, who hath the first warning, and the greatest choice of purchasers? or he, whose property is immoveable, who feels not the danger until it is far advanced, hath the least choice of purchasers, and those declining ones, too, like himself?

"As men rationally pursue their own interest, this indifference in our landholders is mon-

strous. Is it pride which makes them think the subject beneath them? All foreign courts are now studying it attentively. Is it the fear that the subject is too intricate? A little attention will make it as easy to them as to foreigners. Is it their places that engross all their time? What they think they get by these, they may doubly lose in their lands. Is it their pleasures they now make their chief business? Alas! they are paying very dear for them, and deservedly too, if that is the case. — These causes may affect some few; but the general one I take to be the craft, covetousness, or false notions of interest in our ancestors, who thought to lay the burden of taxes as remote as possible from their lands, by laying them on trade, and to buttress that up by prohibitions; both which have had quite contrary effects, *and their children's feet are catched in the traps their forefathers laid for others.*" *

A difference of exchange between gold and paper, of from 16 to 22 per cent. during the war, and from 30 to 40 since, would have saved us the greater part, if not the whole, of these immense losses, — would have prevented our goods from becoming a *drug* in every part of the world, — would have spared the lives of millions who have prematurely found a grave

* Sir Matthew Decker's Essay on the Causes of the Decline of Foreign Trade. *Preface.* Edinb. 1756.

in over-exertion, to keep their families above want, — would have enabled us to retain at home the intelligent and industrious part of our population, whom we are shipping off every month, by thousands, to countries more favorable to honest labour, and humble virtue,—and last, but not least, would have deprived the opponents of the Factory Bill of their main argument—the impossibility of obtaining a sale for their goods in the foreign market, unless they are manufactured by *children*, whose low wages in *this* country are equal to those of *men abroad*.

No credit is due to the sagacity of any one for the employment of *paper* as an *instrument of taxation;* for we resisted its use as long as we could — we tried to do without it sooner than we were able; and should we, at last, acquiesce in its adoption, it is because we have no other refuge from national bankruptcy and a revolution. The struggle to return to the old system has been fatal to the fortunes, health, and lives of millions of our countrymen, but we remain unconvinced of our error; yet the delay has had some good effects: and if, in the end, we are *forced* to take that only course which Providence has opened out for us, we shall be recompensed. A scene of peace, order, and plenty, will succeed to the terrible distractions of the late, and the frightful forebodings of the present period. Other countries, following

our example, will attain a greater degree of freedom and ease than the world has witnessed under any form of government for near 3000 years. The slavery of the soul — that worst of slavery, will cease! Every man will sit under his own vine and fig-tree, none making him afraid. Mammon's empire will be destroyed; for no one will care for riches, where all may easily have enough. Art, science, and literature, will present their reasures freely to all people; and those who have a taste for their enjoyment, will not want means or leisure to indulge it. Above all, charity and true piety, having then ample scope and opportunity for action, will be found, we may hope, in every breast, since all must be sensible what great mercies they have had bestowed upon them by Divine Providence, and how necessary it is that they should shew their gratitude to the Giver of all good, by endeavouring to extend the benefits and blessings which they themselves enjoy, to others in distant regions, who are less fortunately circumstanced in regard to civilisation, religion, and liberty.

APPENDIX.

No. I.

Leading Article, extracted from "The Times," Thursday, March 7, 1833.

WE have seldom been more struck with any display of human folly or arrogance than with the contemplated project of a Currency Club, mentioned by our city correspondent. Hitherto we have had, indeed, a great assortment of such associations, composed of different kinds of people, acting under different laws, and directed to the accomplishment of different objects. We have had clubs of epicures, of gamblers, of conspirators, and of conservatives, — of country gentlemen and merchants, — of beef-steak eaters, of artists, and players, — of literary characters, — of "eccentrics," — of "odd fellows," and formerly even of "fat" or "lean men," — clubs directed to the promotion of good fellowship, — to the encouragement of art and science, — to the support of charity, — to the celebration of the memory of distinguished statesmen or the advancement of political doctrines; but it was reserved for the present time, so fertile in novelties, to organize a club of bankers and speculators, who boldly announce their hostility to *the sovereign*, (we mean not, however, to accuse them of high treason), — who declare malice prepense against His Majesty's mint, — who avow their intention of insinuating their fingers into our pockets or coffers to clip our coin or to exchange it for rags, — who profess a kind of jugglery calculated, in silence and secrecy, to defraud creditors and to alter contracts, — and who, not content with the appalling fluctuations of national and private fortune, already occasioned by tampering with our monetary system (from which we have just escaped) would plunge us anew into all the agonies and dangers of panics, bankruptcies, and bank restrictions.

Some of the persons whose names are mentioned in connexion with this scheme we readily admit to be honourable men, who are afflicted with a kind of *monomania* on the subject of currency, and who resemble their associated speculators in nothing else than in that distemper; but we must warn them all equally of the danger and dishonesty of their undertaking. *With the exception of* 1*l. notes, we have at present as much paper afloat as the wants of the country require,** *or the credit of indivdiuals can command.*† *The smaller paper has been wisely withdrawn from circulation,* because it was found that pieces of gold and pieces of bank credit of the same denomination could not circulate together, — that the paper, "having wings to fly," always left the metal behind in the coffers or cellars of the banker, and that the facility of coining this species of paper money in any abundance had a tendency to depreciate the whole of the circulating medium, after having separated itself from the gold, which was to be the only measure of its value. In demanding then, for the country banks, and for the Bank of England, the unlimited renewed power of issuing 1*l.* notes, the currency-club gentry mean to banish sovereigns from circulation, and to abolish the present metallic standard. If they do not mean this, they mean absolutely nothing, because there is no legal restriction to the issue of bank-notes at 5*l.*, or at any sum above that amount, on which they can hang any complaint. We are thus always insured of a circulation of gold for smaller amounts, because it does not come into competition with notes, and we thus always retain in our hands the means of testing the value of that paper by the general standard of the rest of the world, and not by the fancy of the parties who modestly propose to usurp the King's prerogative of the coinage.

Let us take the whole amount of gold thus retained in circulation, — let us mark it at any sum which the cheap currency speculators may suggest, — let us call it 15,000,000*l.* or 20,000,000*l.*, as they choose, — and let us then calculate the

* Fallacy 1, p. 3. † Fallacy 2, p. 5.

interest on this mass of unproductive capital, for which a paper credit (on an unerring system, never yet invented) might be safely substituted, and the *loss of that interest will be found to be the only loss which we sustain, even on their own principles, by adhering to our present system.** Is this too much to pay for a secure standard? Will a million a-year be grudged as a guarantee against monetary fluctuation and commercial convulsion by the richest and the greatest nation in the world?

But, say the speculators of the proposed currency club, *if we were allowed to issue one pound notes, we could afford them in greater abundance than we can afford sovereigns,* as *we should have to stimulate the activity of our note engraver,* and *money would thus become more plentiful all over the land.* To be sure it would, — and what would be the consequence? Why, *it must become depreciated in the exact proportion of its increased abundance.*† A certain amount of the property of a country represented either by the precious metals or by their substitutes is necessary to perform all its current exchanges, or to be the medium of all its pecuniary transactions. By increasing that quantity, whether of metals or paper, we do not increase the number of transactions, we do not even increase the relative proportion of real circulating capital. By raising its quantity we depreciate its value to the same extent, and its power of supporting industry remains the same.

But this depreciation, arising from an increased quantity, though it could not stimulate industry, or increase the *real* wages of labour, would exercise a formidable influence on all the fixed contracts, money capital, and pecuniary obligations of the nation. *It would entirely alter the relation of debtor and creditor, — it would enable Government to pay the fundholder with a smaller portion of the national income,*‡ and if effected with this view, it would be equivalent to a system of wholesale plunder and robbery.

If the proposed Currency Club, then, really understand the

* Fallacy 4, p. 12. † Fallacy 6, p. 17. ‡ Fallacy 7, p. 25.

effect of their own principles, and can see that *the necessary consequence of their increased paper issues would be a general spoliation of all mortgagees, creditors, and fundholders,** they would be fit companions for the author of the Mississippi scheme, and might even appropriately hold their sittings with a certain subterranean club described by *Gil Blas.* If, on the other hand, they intend no depreciation of our currency, and mean that it should be continued at its metallic standard, there never was a time in which they could with less justice complain of its scarcity. Let them go to the Bank of England and they will find *that its accumulating deposits show an almost alarming abundance of unemployed money :* let them inquire in the city for *a loan*, and if their credit is good, they may find it, as we have been lately told, *at* 2 *per cent.*†

Does this state of things indicate any necessity for tampering with our currency from its insufficiency to answer the wants of industry, or the demands of trade? If people of enterprise have credit, they may obtain plenty of accommodation, and surely that would be a calamitous condition of things where *a facility of creating unreal weath would excite a fever of speculation, to be followed, as in* 1825, *by convulsion and ruin.*‡

Money Market and City Intelligence, March 6th.

One of the topics of discussion to-day in the city has been the formation of a club, which is understood to be projected by some men of great property, and some influence in Parliament, for the purpose of forcing on the Ministry measures for increasing the currency, which they consider to be the only cure for all the evils with which the country is afflicted. A preliminary meeting is said to have been held yesterday, at the house of Lord Western, for this purpose, at which nearly a hundred gentlemen attended, and that meeting was adjourned to this day, at the house of another member of Parliament, because

* See p. 25. † Fallacy 3, p. 7. ‡ Fallacy 5, p. 14.

the place in which they met was not sufficiently spacious for deliberation. We have not been able to collect many of the names of the individuals engaged in this project, but it is stated that among those who have more conspicuously taken the lead in it are Sir Charles Burrell, with Mr. Mathias and Mr. Thomas Attwood. If the numbers and rank of the parties had not been represented here in so formidable a light as they have been, no attention would certainly have been paid in the city to the statement, for our best practical men would treat with utter ridicule the notion of a new issue of paper at a time when all are complaining that the rate of interest is depressed far lower than it ought to be, and *fear that the redundance of capital will drive us once more into all the mad schemes and speculations of* 1824 *and* 1825, *with a repetition of all the fatal consequences to which they then led.* As it is, they wait with some curiosity, and no small degree of anxiety, to ascertain in what way the project will further develop itself. We have heard it even said, — but this part of the project shocks all belief, — that it is proposed to have the further issues of paper (called for, according to the notions of the projectors, by the state of the country) inconvertible either into gold or silver; in other words, that we are to adopt exclusively a paper circulation.

* See p. 16.

No. II.

ILLUSTRATIONS

OF PRINCIPLES LAID DOWN IN THE COURSE OF THIS WORK; FROM THE REPORT OF THE BANK CHARTER COMMITTEE.

The following TABLES *show, in some degree, the* LOSS *which the* PRODUCTIVE *classes sustain, by not being able to charge taxation in addition to natural price.*

1.

CONTRACT PRICES *of* PROVISIONS *supplied to the Royal Hospital* CHELSEA, *from* 1818 *to* 1832.

The whole ration contracted for at per head, per diem, consisting of *bread, cheese, butter, beef and mutton, salt and oatmeal,*

was,	in 1819, 1*s*. 0⅛*d*.:	in 1832 8⅓*d*.
Potatoes,	in 1826, 6*s*. 5*d*. per cwt. of 120lbs.:	in 1832, 3*s*. 10*d*.
Beer,	in 1818, 10*s*. 6*d*. per barrel:	in 1829, 7*s*.
Candles,	in 1820, 7*s*. 11*d*. per dozen:	in 1832, 5*s*. 3*d*.
Coals,	in 1818, 44*s*. 2*d*. per chaldron:	in 1831, 33*s*. 4*d*.

2.

CONTRACT PRICES *of* PROVISIONS *supplied to the Royal Hospital* GREENWICH, *from* 1818 *to* 1831.

Flour, in 1818,	3*l*. 6*s*. 9¼*d*. per sack,	in 1830,	2*l*. 14*s*. 11*d*.
Meat, ...	2*l*. 17*s*. 1*d*. per cwt.	....	2*l*. 3*s*. 6*d*.
Butter, ...	11*d*. per lb.	....	6½*d*.
Cheese, ...	6*d*.	....	4*d*.
Malt, ...	4*l*. 1*s*. 8½*d*. per quarter,	....	2*l*. 16*s*. 1¼*d*.

3.

PRICES *of the following* ARTICLES *at* SMITHFIELD *Market.*

July.		July.	
1819	Wheat, 58*s.* to 80*s.* per quarter.	1832	48*s.* to 74*s.*
....	Beef, 4*s.* 6*d.* to 5*s.* 4*d.* per 8 lb. st.	....	3*s.* 2*d.* to 4*s.* 2*d.*
....	Mutton, 4*s.* 6*d.* to 5*s.* 2*d.*	....	3*s.* to 4*s.* 4*d.*
....	Coals, 32*s.* 6*d.* to 39*s.* 3*d.* per chal.	1831	24*s.* 6*d.* to 29*s.*
....	Iron bars, 13*l.* to 14*l.* per ton.	1832	6*l.* 5*s.*
....	Ditto pig, 8*l.* to 9*l.* 10*s.*	....	4*l.* 10*s.* to 4*l.* 15*s*
....	Cheese, Ches., 78*s.* to 84*s.* per cwt.	....	40*s.* to 70*s.*
....	——— Glou., 74*s.* to 86*s.*	....	38*s.* to 66*s.*
....	Butter, Cork, 100*s.* to 104*s.*	1831	80*s.*
1821	——— Yorksh. 52*s.* per firkin	....	40*s.* to 42*s.*

4.

For Prices at GREENWICH HOSPITAL, *in* 1813, *see p.* 45 *of this Pamphlet, compared with which,*

Flour has fallen from	93*s.*	to 54*s.* 11*d.*	per sack.
Meat	75*s.* 1*d.*	to 43*s.* 6*d.*	per cwt.
Butter	1*s.* 2*d.*	to 6½*d.*	per lb.
Cheese	8*d.*	to 4*d.*	

5.

PRICES *of the following* ARTICLES *in* 1819 *and* 1832.

	January, 1819.	January, 1832.
Sugar, fine Jamaica,	86*s.* to 89*s.* per cwt.	56*s.* to 58*s.*
Ditto, fine Havannah,	60*s.* to 68*s.*	32*s.* to 33*s.*
Coffee, fine Jamaica,	143*s.* to 146*s.*	96*s.* to 100*s.*
Ditto, Java,	158*s.*	55*s.* to 62*s.*
Cotton, Bowed Georgia,	1*s.* 5*d.* to 1*s.* 8*d.* per lb.	5*d.* to 7*d.*
Ditto, Bengal,	6½*d.* to 9*d.*	4⅜*d.* to 5¼*d.*
Hemp, Riga, Rhine,	50*l.* per ton.	39*l.* to 40*l.*
Ditto, Petersburgh,	46*l.*	37*l.* 10*s.*
Tallow, Yellow Soap,	78*s.* per cwt.	42*s.* 6*d.*
Ditto, Petersburgh,	74*s.*	42*s.* 6*d.*
Whale Oil, Greenland,	36*l.* to 37*l.* per ton.	34*l.*
Ditto Spermaceti,	93*l.*	74*l.*
Deals, Memel,	22*l.* to 23*l.* per 100	16*l.* 10*s.* to 18*l.*
Timber, Ditto,	6*l.* 15*s.* to 6*l.* 17*s.* 6*d.* per load	5*l.* to 5*l.* 10*s.*
Tobacco, Virginia,	12*d.* to 13*d.* per lb.	4½*d.* to 5*d.*

TABLES *which indicate that an Abundance of Money in the City, is at present connected with the Stagnation of Trade.*

1.

AN ACCOUNT *of the* ANNUAL AVERAGE AMOUNT *of* COMMERCIAL PAPER *under discount at the* BANK, *in London, in each year, from the year* 1795.

1795	£2,946,500	1814	£13,285,800
1796	3,505,000	1815	14,947,100
1797	5,350,000	1816	11,416,400
1798	4,490,600	1817	3,960,600
1799	5,403,900	1818	4,325,200
1800	6,401,900	1819	6,515,000
1801	7,905,100	1820	3,883,600
1802	7,523,300	1821	2,676,700
1803	10,747,600	1822	3,366,700
1804	9,982,400	1823	3,123,800
1805	11,366,500	1824	2,369,800
1806	12,380,100	1825	4,941,500
1807	13,484,600	1826	4,908,300
1808	12,950,100	1827	1,240,400
1809	15,475,700	1828	1,167,400
1810	20,070,600	1829	2,250,700
1811	14,355,400	1830	919,900
1812	14,291,600	1831	1,533,600
1813	12,330,200		

2.

An Account of the AVERAGE AGGREGATE AMOUNTS *of* PUBLIC AND PRIVATE DEPOSITS *in the hands of the* BANK, *from* 1807.

Years.	Public Dep.	Private Dep.
1807	£12,647,551	£1,582,720
1808	11,761,448	1,940,630
1809	11,093,648	1,492,190
1810	11,950,047	1,428,720
1811	10,191,854	1,567,920
1812	10,390,130	1,573,950
1813	10,393,404	1,771,310
1814	12,158,227	2,374,910
1815	11,737,436	1,690,490
1816	10,807,660	1,333,120
1817	8,699,133	1,672,800
1818	7,066,887	1,640,210
1819	4,538,373	1,790,860
1820	3,713,442	1,325,060
1821	3,920,157	1,326,020
1822	4,107,853	1,373,370
1823	5,526,635	2,321,900
1824	7,222,187	2,369,910
1825	5,347,314	2,607,900
1826	4,214,271	3,322,070*
1827	4,223,867	3,931,370
1828	3,821,697	5,701,280
1829	3,862,656	5,217,210
1830	4,761,952	5,562,250
1831	3,948,102	5,201,370

* Increased amount from this time arising from increase of accounts.

What is meant in the City by an Abundance of Money.

(Evidence of *Thomas Tooke, Esq.*)

5451. Can you state what is precisely meant, in the City, by an abundance and scarcity of money in the country?—It means strictly a tendency to a fall or rise in the rate of discount. When money is said to be scarce in the City, it means that either an advanced rate of discount is required, or that only the first-rate description of bills, or those which have the shortest date to run, are discounted at the previously current rate.

5452. Then it is by no means synonymous with the abundance or scarcity of currency?—By no means.

5453. With the same amount of currency, there may be a greater or less degree of scarcity of money?—Yes: the rate of discount may fall with a circulation, looking only to the numerical amount, very contracted.

An excessive Issue of Paper will correct itself.

(Evidence of *J. Horsley Palmer Esq.*, Governor of the Bank.)

86. In times of great commercial prosperity, would not the leaving to the Public the correction of a redundant currency lead to a greater redundancy, and to excessive speculation?—I think not.

122. How do you regulate your issues according to the Foreign Exchanges?—By the notes being returned for gold or silver for export.

123. Do you regulate them from the returns you have of what the Foreign Exchanges are, or from the action which takes place upon the Bank?—The action which takes place upon the Bank.

124. Do you find that the alteration in the action upon the

Bank is simultaneous with an alteration in the rate of the Foreign Exchanges, and that it is the case invariably?—Certainly.

370. Have you any idea that the Bankers can maintain a larger circulation in their districts than the wants of the country at the time require?—No.

Government should supply paper money, and Banks conduct the Banking business.

181. What do you consider as the principal function which it is the duty of the Bank to perform?—To furnish the paper money with which the Public act around them;—and to be a place of safe deposit for the public money, and for the money of individuals who prefer a public body, like the Bank, to private bankers.

182. Are not those functions the functions of a Government rather than a private company?—That is for the Government to determine.

191. Are you aware, that during the whole of the War, when the interest of money was high, and when 5 per cent was rather a low interest to pay, the Bank of England were very large discounters in commercial paper?—I believe that the Bank of England could not have been discounters of commercial paper at that period, if it had not been for the Restriction Act.

478. Be so good as to state to the committee, in what respect you think the private banker affords better accommodation to the circulation of the country towns, than would be derived from the existence of Branch Banks of the Bank of England?—I am most decidedly of opinion, that all banking business is better done by private bankers than by public bodies: there are more facilities offered in the way of credit by a private banker, than can be offered under the existing

regulations by a Branch of the Bank of England, which gives no credit to any one; and there are forms required to be adhered to in acting with the Bank, which are extremely inconvenient in conducting private business.

488. In speaking of banking business, do you mean the ordinary business of a Bank of deposits, namely, receiving deposits and lending money, or do you include circulation and issue?—I am alluding simply to banking business, totally unconnected with the circulation.

Return *of the number of* Commissions *of* Bankrupt, *issued against* Country Banks *since* 1780.

1780.... 0	1797.... 2	1814....27
1781.... 2	1798.... 3	1815....25
1782.... 2	1799.... 6	1816....37
1783.... 2	1800.... 5	1817.... 3
1784.... 3	1801.... 3	1818.... 3
1785.... 1	1802.... 2	1819....13
1786.... 0	1803.... 5	1820.... 4
1787.... 0	1804.... 2	1821....10
1788.... 3	1805.... 9	1822.... 9
1789.... 1	1806.... 5	1823.... 9
1790.... 0	1807.... 1	1824....10
1791.... 1	1808.... 5	1825....37
1792.... 1	1809.... 4	1826....43
1792....22	1810....20	1827.... 8
1794.... 2	1811.... 4	1828.... 3
1795.... 5	1812....17	1829.... 3
1796.... 3	1813.... 8	1830....14

No. III.

Official and *Declared Value* of Exports of British and Irish Produce and Manufactures; and *Official* Value of Exports of Foreign and Colonial Merchandize from Great Britain; and *Official* Value of Imports into the same, for the following years.—(*Parl. Paper*, No. 243. Sess. 1830).—*From M'Culloch's Dict. of Commerce.*

Years ending 5th Jan.	EXPORTS.			IMPORTS
	British and Irish Produce and Manufactures from Great Britain.		Foreign & Colonial Merchandize from Great Britain.	Into Great Britain.
	Official Value. £.	Declared Value £.	Official Value. £.	Official Value. £.
1799	18,556,891	31,252,836	8,760,196	25,122,203
1800	22,284,941	35,903,850	7,271,696	24,066,700
1801	22,831,936	36,929,007	11,549,681	28,257,781
1802	24,501,608	39,730,659	10,336,966	30,435,268
1803	25,195,893	45,102,230	12,677,431	28,308,373
1804	20,042,596	36,127,787	8,032,643	25,104,541
1805	22,132,367	37,135,746	8,938,741	26,454,281
1806	22,907,371	37,234,396	7,643,120	27,334,020
1807	25,266,546	39,746,581	7,717,555	25,554,478
1808	22,963,772	36,394,443	7,624,312	25,326,845
1809	24,179,854	36,306,385	5,776,775	25,660,953
1810	32,916,858	46,049,777	12,750,358	30,170,292
1811	33,299,408	47,000,926	9,357,435	37,613,294
1812	21,723,532	30,850,618	6,117,720	25,240,904
1813	28,447,912	39,334,526	9,533,065	24,923,922
1814	*	*	*	*
1815	32,200,580	43,447,373	19,157,818	32,620,771
1816	41,712,002	49,653,245	15,708,435	31,822,053
1817	34,774,521	40,328,940	13,441,665	26,374,921
1818	39,233,467	40,349,235	10,269,271	29,910,502
1819	41,960,555	45,180,150	10,835,800	35,845,340
1820	32,983,689	34,252,251	9,879,236	29,681,640
1821	37,820,293	35,569,077	10,525,026	31,515,222
1822	40,194,681	35,823,127	10,602,090	29,769,122
1823	43,558,488	36,176,897	9,211,928	29,432,376
1824	43,166,039	34,589,410	8,588,996	34,591,264
1825	48,024,952	37,600,021	10,188,596	36,056,551
1826	46,453,022	38,077,330	9,155,305	42,660,954
1827	40,332,854	30,847,528	10,066,503	36,174,350
1828	51,279,102	36,394,817	9,806,343	43,489,346
1829	52,019,728	36,150,379	9,928,655	43,536,187
1830	55,465,723	35,212,873	10,606,441	42,311,649

* Records destroyed by fire.

Meaning of OFFICIAL *Value.*

"The *Official* rates of valuation may be regarded as a common denominator, and as such, attended with great advantage, as an *Indicator of Quantity;* and assuming, as it seems reasonable to do, that the rates assigned in 1694, accorded with the current value of the time, they are now doubly interesting, as shewing the change that has since taken place in the value of the several articles."—Marshall's Tables, 120th.

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